



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	9 May 2018
OFFICER	David Sutherland, Director of Finance & Assets
LEAD MEMBER	Councillor Peter McDonald
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April – February 2018
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 28 February 2018.</p> <p>The report in Appendix A sets out the Authority's revenue and capital spending position as at 28 February 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 £304k, against a revenue budget of £28.210m. This represents a 1% variance against the budget.</p> <p>This is an increase in the forecast underspend of £42k since Quarter 3. The main reasons for the movement in the forecast variance are:</p> <ul style="list-style-type: none"> • £138k backdated income for aerial site rentals and one off payments following the successful renegotiation of contracts • Additional IT and Communications expenditure of £83k.
ACTION	Noting.
RECOMMENDATIONS	That the latest projected outturn forecast for the Authority as at 28 February 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	None.
CONSISTENCY WITH	None.

THE PRINCIPLES OF THE DUTY TO COLLABORATE	
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 2017/18 to 2020/21, CFA Meeting 8 February 2017: http://bucksfire.gov.uk/files/3914/8578/3188/ITEM_7_Medium_Term_Financial_Plan_201718_to_201920.pdf
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – February 2018
TIME REQUIRED	10 Minutes
REPORT ORIGINATOR AND CONTACT	Taiye Sanwo (Revenue) and Asif Hussain (Capital) tsanwo@bucksfire.gov.uk ahussain@bucksfire.gov.uk 01296 744425 and 01296 744421

Table 1 - Revenue Forecasts by Service Area

The table below shows the budget and actual expenditure for each directorate as at the end of February 2018.

The budget of £28.210m is compared to the forecast outturn to give a forecast year-end underspend of £304k.

Directorate	Area Manager	Total Budget £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Corporate Core	Corporate Management	1,149,430	979,055	1,019,351	-130,079
	Legal & Governance	296,560	278,917	307,464	10,904
Corporate Core Total		1,445,990	1,257,971	1,326,815	-119,175
Finance & Assets	Finance & Procurement	897,390	853,981	942,257	44,867
	Resource Management	2,015,100	1,732,772	1,999,186	-15,914
Finance & Assets Total		2,912,490	2,586,753	2,941,443	28,953
People & Organisation Development	Training & Development	1,929,590	2,177,439	1,761,441	-168,149
	Operations & Services	709,350	657,066	710,055	705
People & Organisation Development Total		2,638,940	2,834,506	2,471,496	-167,444
Delivery, Corporate Development & Planning	Service Delivery	16,305,360	13,798,862	15,530,764	-774,596
	Service Development	538,290	667,139	536,847	-1,443
	IT & Communications	1,599,010	1,436,687	1,646,087	47,077
Delivery, Corporate Development & Planning Total		18,442,660	15,902,687	17,713,698	-728,962
Statutory Accounting & Contingency	Capital Charges	1,976,000	0	1,984,000	8,000
	Contingency	595,020	0	856,794	261,774
	Non Distributed Costs	218,940	336,931	341,740	122,800
	Savings	-19,890	0	0	19,890
Statutory Accounting & Contingency Total		2,770,070	336,931	3,182,534	412,464
Total Expenditure		28,210,150	22,918,848	27,635,986	-574,164
Total Funding		-28,210,150	-26,500,806	-27,940,150	270,000
Net Position		0	-3,581,958	-304,164	-304,164

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

Finance & Assets £29k over – This mainly relates to overspends on employees and supplies and services budgets. This is due to additional spend on operational equipment relating to the new appliances, replacement of equipment, protective clothing for new frontline operational staff and the replacement of obsolete protective clothing.

The above overspends in Finance and Assets are partially offset by underspends on transport, premises related expenditure and over-achievement of income.

People & Organisation Development (POD) £167k 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 £729k under – The overall underspend for the Directorate is primarily due to on-call firefighter employment being significantly below budgeted establishment levels. There are a number of reasons for the reduction in the overall forecast underspend from last quarter, including reductions in the forecasts for bank and sessional staff and community safety budgets not being utilised to the extent originally forecast.

IT and Communications is forecasting additional spend of £83k for email scanning and disaster recovery installation and configuration.

The above underspends offset overspends on the Wholetime firefighters budget, premises and transport related expenditure.

Statutory Accounting & Contingency £413k 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 for 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 February 2018.

Staffing	Total Plan £	Actual Year to Date £	Forecast Outturn £	Projected Year End Variance £
Wholetime	12,657,045	11,438,241	12,789,265	132,220
Support	4,066,345	3,609,596	3,943,225	-123,120
On-Call	1,631,030	1,333,960	1,169,245	-461,785
Technicians	253,320	201,353	221,211	-32,109
Sessional	147,450	89,824	94,998	-52,452
Agency Staff	12,380	589,810	248,280	235,900
Grand Total	18,767,570	17,262,785	18,466,224	-301,346

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 was under the established budget by one post for the majority of the year.

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.

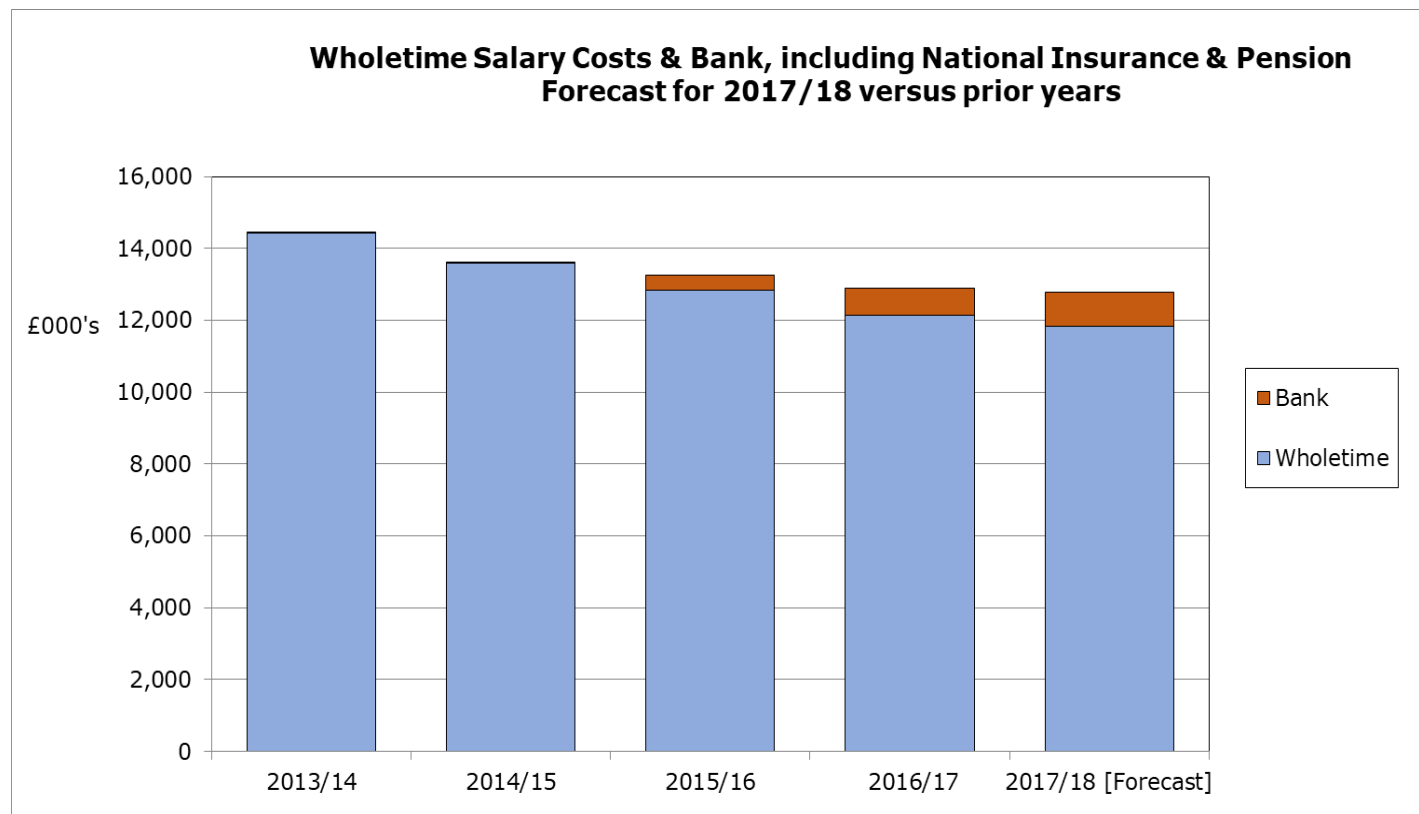


Table 3

WT & Bank	2013/14	2014/15	2015/16	2016/17	2017/18 [Forecast]
Wholetime	14,425,095	13,603,248	12,844,792	12,133,692	11,820,265
Bank	4,236	24,592	411,864	766,632	969,000
Total	14,429,331	13,627,840	13,256,657	12,900,324	12,789,265

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	18,767,570	17,262,785	18,466,224	-301,346
B.	Knowledge & Information Services	1,482,670	1,357,197	1,498,791	16,121
C.	Fuel Charges	285,670	225,223	255,000	-30,670
D.	Energy / Utilities	250,200	157,549	199,656	-50,544
E.	Employment Agencies /Consultants	12,380	589,810	248,280	235,900

- 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	-3,952,813	-3,356,210	0	0
Specific Grants	-1,088,600	-974,368	-1,088,600	0	0
NNDR	-3,372,920	-3,205,015	-3,372,920	0	0
Top-up / Pooling Receipts	-1,914,720	-1,528,970	-1,794,720	120,000	120,000
Precept	-18,327,700	-16,839,640	-18,327,700	0	0
Movement in Reserves	-150,000	0	0	150,000	150,000
Grand Total	-28,210,150	-26,500,806	-27,940,150	270,000	270,000

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	165,270	125,237	250,000	400,000	0
Property Review	0	11,132,813	1,330,000	12,462,813	1,710,268	181,459	1,738,000	10,724,813	0
Sub Total	500,000	11,282,813	1,330,000	13,112,813	1,875,538	306,696	1,988,000	11,124,813	0
CCTV Cameras	0	51,250	0	51,250	0	10,531	51,250	0	0
Operational Vehicles Red Fleet	500,000	2,091,762	-36,500	2,555,262	1,863,490	436,525	2,175,262	300,000	-80,000
Operational Vehicles White Fleet	16,000	31,601	36,500	84,101	58,007	0	58,007	26,094	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	0	90,000	0
Operational Equipment	85,000	54,053	0	139,053	53,094	78,918	132,000	7,053	0
Sub Total	747,000	2,228,666	0	2,975,666	2,026,571	525,974	2,468,499	423,147	-84,020
ICT	87,000	42,000	0	129,000	62,933	0	63,000	66,000	0
Sub Total	87,000	42,000	0	129,000	62,933	0	63,000	66,000	0
Total	1,334,000	13,553,479	1,330,000	16,217,479	3,965,042	832,670	4,519,499	11,613,960	-84,020

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	-245	-368	92	-521
Revenue Contribution to Capital	-6,156	-4,264	4,427	-5,993
Transformation Funding	-2,248	0	0	-2,248
Total	-8,649	-4,632	4,519	-8,762

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. Current in quarter 4, there are works ongoing 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. The land on where the blue light hub will be built was purchased in January 2018. Due to the main building works unlikely to take commence until 2018/19, a slippage of £10,725k is currently being reported.

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). All ten appliances have been delivered to the Authority.

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. An order is expected to be placed in April 2018, resulting in a slippage of £26k.

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. A slippage of £66k is currently being reported which relates to hardware purchases which will be made in the first quarter of 2018/19.

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 Use of £000
General Fund	-3,035	1,535	-1,500
Earmarked Reserves (Revenue) *	-2,203	446	-1,757
Earmarked Reserves (Capital)	-6,401	-113	-6,514
Total	-11,639	1,868	-9,771

* 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)

8. 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%	91%
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 % of invoices paid on time is 91%, this is due to the changeover of the new finance system between March and April. Suppliers have been reminded to send all invoices directly to finance as the reason for late payment is due to finance not receiving these. In addition the authority has also rejected a number of invoices with no purchase order which suppliers have not dealt with immediately causing delay in payment.

9. Debt Management

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

DEBTOR KEY PERFORMANCE INDICATORS 2017/18	Q1	Q2	Q3	As of February 2018
Debts over 60 days overdue	£14,864	£11,580	£12,069	£9,646
Total Debt outstanding	£17,447	£38,912	£47,130	£34,489
Debts over 60 days overdue as a % of total debt outstanding	88%	31.30%	27.70%	32.25%
Average time from raising invoices to receipt of income	7 days	11 days	11 days	21 days

The above figures show the quarterly average of debt during 2017/18. As at the end of February, the average total debt outstanding was £34k of which £10k relates to debt 60 days overdue. Total debt outstanding as at the end of February 2018 was £19k, with the actual value of debts over 60 days overdue being £8k.

The majority of the debts (90%) over 60 days overdue at the end of February 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.

The average time from raising invoices to receipt of income is 21 days.