



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Executive Committee
DATE OF MEETING	15 July 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Councillor David Hopkins
SUBJECT OF THE REPORT	Budget Monitoring Performance and Debt Management April 2019 – March 2020 (Provisional Outturn)
EXECUTIVE SUMMARY	<p>To present the provisional revenue and capital outturn position and debt management performance to 31 March 2020.</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 £716k. This represents a 2.4% variance against the budget. It is recommended that £352k be transferred to the Revenue Contribution to Capital Reserve in line with the approved Medium Term Financial Plan, and that the remaining £364k is used to establish a Covid-19 reserve.</p>
ACTION	Decision / Noting
RECOMMENDATION	<ol style="list-style-type: none"> 1. That the provisional outturn forecast for the Authority as at 31 March 2020 be noted. 2. That the slippage of £1,809k on the capital programme is approved to be carried forward into 2020/21. 3. That the transfer of £84k into the future funding revenue reserve, to fund projects which have been delayed due to the Covid-19 Pandemic, be approved. 4. That the underspend of £716k is split and transferred into a Covid-19 reserve and Revenue Contribution to Capital Reserve (RCCO). The split will be as follow: <ul style="list-style-type: none"> • £352k to be transferred into RCCO. • £364k to be transferred in Covid-19 Reserve. 5. That delegated authority be given to the Chief

	<p>Finance Officer, in consultation with the Lead Member, 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.</p> <p>6. That should any changes to the amounts referred to above be required, then the Chief Finance Officer will report to (i) the Lead Member in the first instance, and (ii) Members at the next available meeting.</p>
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 2019/20 to 2021/22, Fire Authority Meeting 13 February 2019 (see pages 61-80):</p> <p>https://bucksfire.gov.uk/documents/2020/03/130219_fire_authority_agenda.pdf/</p>
APPENDICES	Appendix A – Budget Monitoring Performance and Debt Management April – March 2020
TIME REQUIRED	10 Minutes
REPORT ORIGINATOR AND CONTACT	<p>Asif Hussain</p> <p>ahussain@bucksfire.gov.uk</p> <p>01296 744421</p>

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 2020. The budget of £30.332m is compared to the outturn to give a year-end underspend of £0.716m.

Directorate	Area Manager	Total Budget £	Provisional Out-Turn £	Year End Variance £
Corporate Core	Corporate Management	1,089,200	982,538	-106,662
	Legal & Governance	332,100	301,403	-30,697
Corporate Core Total		1,421,300	1,283,942	-137,358
Finance & Assets	Finance & Procurement	894,790	851,388	-43,402
	Resource Management	2,962,300	3,181,111	218,811
Finance & Assets Total		3,857,090	4,032,499	175,409
People & Organisation Development	Training & Development	2,020,400	1,798,682	-221,718
	Operations & Services	694,790	690,815	-3,975
People & Organisation Development Total		2,715,190	2,489,497	-225,693
Delivery, Corporate Development & Planning	Service Delivery	17,538,300	15,996,137	-1,542,163
	Service Development	541,380	481,242	-60,138
	IT & Communications	1,810,900	1,812,978	2,078
Delivery, Corporate Development & Planning Total		19,890,580	18,290,357	-1,600,223
Statutory Accounting & Contingency	Capital Charges	1,713,000	2,273,000	560,000
	Contingency	500,000	928,412	428,412
	Non Distributed Costs	229,500	228,068	-1,432
	Savings	5,800	0	-5,800
Statutory Accounting & Contingency Total		2,448,300	3,429,480	981,180
Total Expenditure		30,332,460	29,525,775	-806,686
Total Funding		-30,332,460	-30,242,093	90,367
Net Position		0	-716,318	-716,318

The table above shows the budget and actual expenditure for each Directorate for the financial year 2019/20. The budget of £30.332m compared to the provisional outturn of £29.526m gives a provisional yearend underspend of £0.807m. Furthermore, the level of funding is showing an adverse variance of £0.090m resulting in a net underspend of £0.716m. This is a 2.4% variance against the annual budget of £30.332m.

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

Corporate Management £0.137m under – The underspend predominantly relates to a restructure of the Senior Management team whereby the Director of People & Organisational Development post has been removed and the post has not replaced. Furthermore, the interest received on investments outperformed the annual budget by £0.045m.

Finance & Assets £0.175m over – This overspend is mainly attributable to employee costs predominantly within workshops as a result of vacant technician post which is 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 contributed towards in-year overspends.

People & Organisational Development (POD) £0.226m 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 the final quarter of 2019/20, there were several external courses which were cancelled due to the Covid-19 pandemic which has also contributed towards the favourable variance.

Delivery, Corporate Development & Planning £1.600m under - The overall underspend for the directorate is primarily due to on-call firefighter employment being significantly below budgeted establishment levels. Furthermore, there were 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 £0.981m 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 September 2019, we had 12 apprentices complete their apprenticeship and were offered a substantive wholetime post. 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 September 2019, we had 12 firefighter apprentices completing their apprenticeships and offered substantive wholetime posts.

The overspend seen within Capital Charges relates to the additional in-year revenue contribution (£0.490m) to capital approved by the Fire Authority at its meeting on 18 September 2019. Furthermore, an additional £0.070m revenue contribution to capital for the purchase of four emergency vehicles contributes towards the adverse variance.

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 2020.

Staffing	Total Plan £	Provisional Outturn £	Projected Year End Variance £
Wholetime	14,793,540	14,378,687	-414,853
On-Call	1,824,350	896,903	-927,447
Apprentices	0	841,158	841,158
Support	4,412,090	4,157,916	-254,174
Technicians	285,800	246,906	-38,894
Sessional	90,790	64,001	-26,789
Agency Staff	57,000	203,015	146,015
Grand Total	21,463,570	20,788,586	-674,984

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.

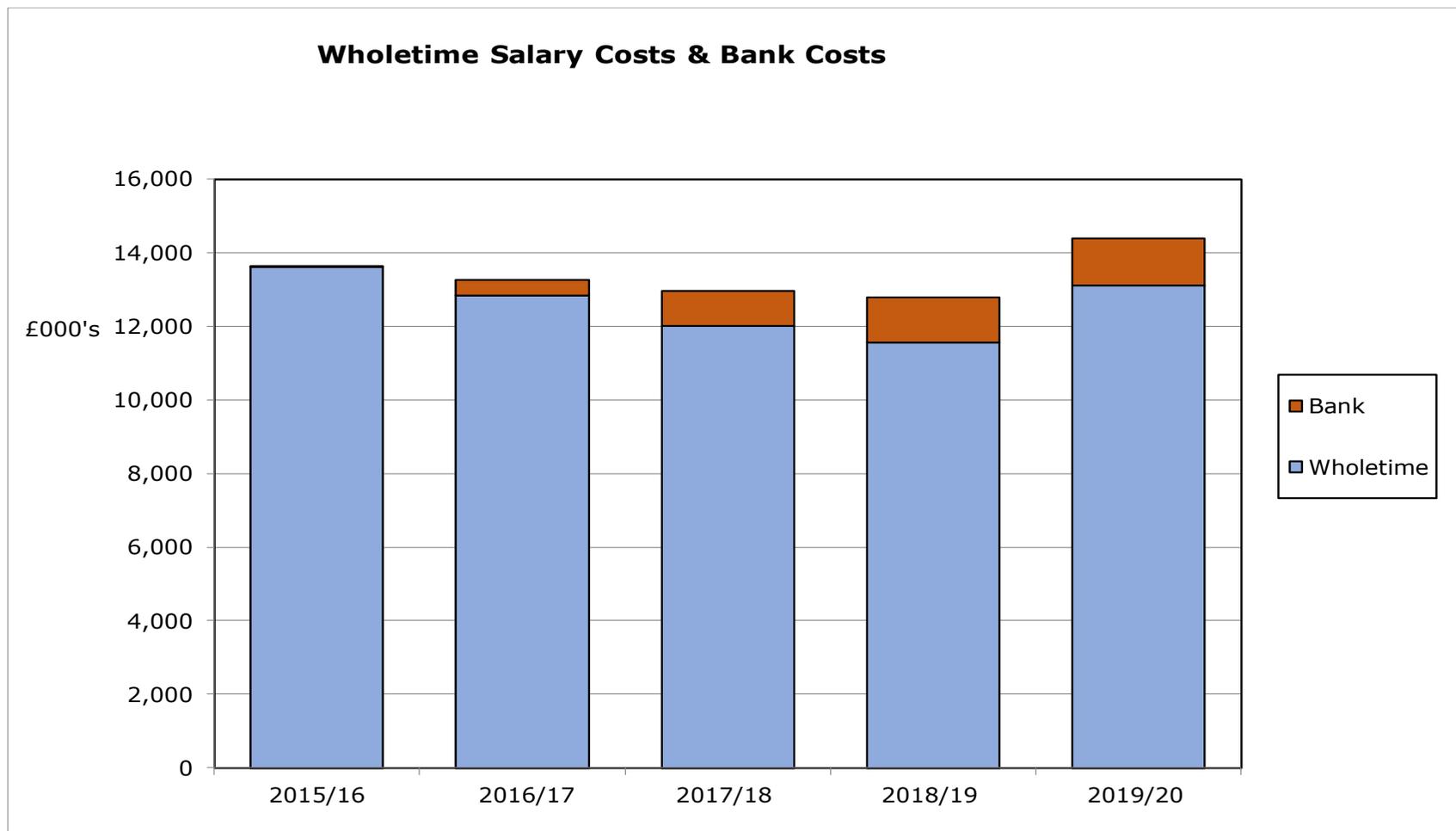


Table 3

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	13,104,522
Bank	24,592	411,864	953,506	1,228,667	1,274,011
Total	13,627,840	13,256,657	12,965,420	12,792,602	14,378,687

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

	Subjective	Total Budget £	Actual Year to Date £	Projected Year End Variance £
A.	Employee Direct Costs	21,406,570	20,585,571	-820,999
B.	Knowledge & Information Services	1,635,830	1,650,861	15,031
C.	Employment Agencies /Consultants (Part of Direct Employees Costs)	57,000	203,015	146,015

- The variances for A. and C. are as noted in Section 2 above.
- The variance for B predominantly relates to one-off software costs where relate to transitional costs where we have operated two software's parallel to ensure a smooth transition.

5. Funding

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

Funding	Total Budget £	Actual Year to Date £	Projected Year End Variance £
Government Funding	-3,321,000	-3,592,832	-271,832
Specific Grants	-1,097,330	-1,106,442	-9,112
NNDR	-3,662,820	-3,735,553	-72,733
Top-up / Pooling Receipts	-1,892,000	-1,813,965	78,035
Precept	-19,993,310	-19,993,301	9
Movement in Reserves	-366,000	0	366,000
Grand Total	-30,332,460	-30,242,093	90,367

The level of funding (excluding the top-up funding and reserves) is forecast to exceed the original budget by £0.354m, which is predominantly due to the Treasury (Central Government) making additional funds (£0.173m) 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 other significant increase (£0.072m) 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. Furthermore, in March, additional government funding (£0.090m) was allocated in response to Covid-19 pandemic. The remaining (£0.018m) relates to increases in specific grants (from prior years) which the Authority were not aware of when the budget was set.

The outturn also reflects the recommendation made to the Executive Board to not carry out the planned transfer (£0.444m) from reserves due to the current levels of underspend. These transfers were planned to offset the funding shortfall originally forecast for 2019/20. Of the £0.444m variance, £0.366m is shown within Movements in Reserves and £0.078m 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 £0.090m in funding.

7. Capital Forecasts

The capital programme for 2019/20 is £9.535m, which includes £6.378m worth of carry forwards from 2018/19 and additional £1.936m approved in September 2019:

Project Name	Original Budget 2019/20 £	Carry Forwards 2018/19 £	In Year Approvals £	Revised Budget 2019/20 £	Provisional Out-Turn £	Slippage £	Projected Year End Variance £
Property	500,000	0	0	500,000	282,302	217,698	0
Property Review	0	5,874,542	1,866,000	7,740,542	6,821,027	919,515	0
Total Property Portfolio	500,000	5,874,542	1,866,000	8,240,542	7,103,329	1,137,213	0
CCTV Cameras	0	24,485	0	24,485	0	0	-24,485
Digital Radios	0	90,000	0	90,000	0	0	-90,000
Hydraulic Equipment	56,000	4,020	0	60,020	48,385	11,635	0
Operational Equipment	90,000	32,249	0	122,249	65,199	35,000	-22,050
Operational Red Fleet Vehicles	500,000	314,656	0	814,656	204,456	610,200	0
Operational White Fleet Vehicles	0	0	70,000	70,000	44,404	14,801	-10,795
Total Fire Appliances & Equipment	646,000	465,410	70,000	1,181,410	362,443	671,636	-147,330
ICT	75,000	38,385	0	113,385	113,026	0	-359
Total Support	75,000	38,385	0	113,385	113,026	0	-359
Grand Total	1,221,000	6,378,337	1,936,000	9,535,337	7,578,798	1,808,849	-147,690

Funding

The capital programme will be funded as follows:

Funding	£000'
Revenue Contribution to Capital	7,491
Capital Receipts	88
Total Capital Funding	7,579

Property Portfolio

One of the major capital projects completed in 2019/20 related to the replacement of the air ventilation system at Marlow Fire Station. Aylesbury Fire Station and Aylesbury HQ has seen capital purchase of a generator, water conditioners and enhancements to the mess deck. In addition, the fit out of office and meeting room chairs across HQ and Unit 7 and Stokenchurch Fire station has seen a general refurbishment.

The main focus for property team in 2019/20 was the completion of the Blue Light Hub, with this in mind, Property has allocated a portion of the property capital budget for the fit out of Blue Light Hub. During 2019/20 £0.043m has been spent on the purchase of furniture. A slippage request of £0.218m has been made for the purchase of furniture, BA compressor, and fixtures and fittings for the Blue Light Hub, in addition to property works at other Fire Stations not commenced in 2019/20.

The build of the Blue Light Hub is progressing well with the main structure set to be completed during quarter one 2020/21. A slippage request of £0.920m has been made for the remaining budget and the completion of the main structure.

The total slippage of £1.137m 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. Two additional appliances relating to 2018/19 were delivered during 2019/20 and are now operational. These appliances will replace our aging fleet which have come to the end of their useful life. A slippage request of £0.610m has been made for a further two appliances that were planned to be built and delivered during 2019/20. The build of the two appliances will commence in quarter one 2020/21 with delivery expected in the third quarter of 2020/21.

Other areas of spend relate to the purchase of three white fleet vehicles, portable floatation devices, fog spikes kits, hydraulic equipment and the purchase of operational equipment to replace our end of life equipment. The portfolio is also seeing a slippage in white fleet vehicles, hydraulic equipment and operational equipment totaling £0.062m, as a result of orders being placed with delivery expected in the new financial year, along with the delay in ordering equipment due delay in delivery for two appliances due in 2019/20 but not expected until 2020/21.

During September 2019, it was agreed no further capital expenditure is expected on CCTV and therefore £0.024m has been offered up as a saving. The carry-forward slippage of £0.090m on digital radios has now been offered as a savings. This is due to deferring the capital purchase of digital radios to be in line with when we procure for the breathing apparatus contract. Therefore, a new capital growth bid will be submitted with the breathing apparatus growth bid and challenged through the Medium-Term Financial Plan when it is due for replacement. In addition, further capital savings of £0.033m have been identified on operational equipment and white fleet appliances which will be transferred back into the capital reserve.

The total slippage of £0.672m is requested for the Fire Appliance and Equipment portfolio and a saving of £0.147m.

Support

Including the slippage from 2018/19, ICT had a budget of £0.113m for 2019/20. Predominantly this 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, surface pros and other ICT equipment.

Slippage into 2019/20

The provisional outturn figure is showing a slippage of £1,809k (subject to any late accounting changes). Members are requested to approve the slippage of this budget into 2020/21.

8. Reserves

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

Reserves	Balance at Start of Year £000	Movement £000	Yearend Balance £000
General Fund	-1,500	-	-1,500
Earmarked Reserves (Revenue)*	-1,818	-379	-2,197
Earmarked Reserves (Capital)	-4,080	2,638	-1,442
Total	-7,397	2,349	-5,139

* This figure includes £534k, 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	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	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 for the financial year 2019/20 has been 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 2019/20	Aug	Sept	Nov	Mar
Debts over 60 days overdue	£9,468	£9,594	£9,508	£10,322
Total Average Debt outstanding	£37,157	£37,900	£50,756	£54,571
Debts over 60 days overdue as a % of total debt outstanding	27%	15%	18.75%	18.91%
Average time from raising invoices to receipt of income	9 days	9 days	15 days	11 days

The above figures show the quarterly average of debt during 2019/20. As at the end of March, the average total debt outstanding was £0.55m, with the actual value of debts over 60 days overdue being £0.10m.

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26% of the debts over 60 days overdue at the end of March relate to legal costs recoverable to Buckinghamshire 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. 25% relates to the secondment of the Apprentice Officer and the remaining 49% relates to recovery of employee pension contributions.

The average time from raising invoices to receipt of income is 11 days as at the end of March 2020.