

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Policy & Strategy
Committee**

AGENDA ITEM

4

MEETING DATE

14 January 2015

REPORT NUMBER

EFA/001/15

SUBJECT

Budget Review – November 2014

REPORT BY

The Finance Director & Treasurer

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

1. This paper reports on the expenditure against budget as at 30 November 2014, and identifies major variances to the budget for the year.

RECOMMENDATIONS

2. Members are asked to:
 - a. Note the review of income and expenditure against the budget;
 - b. Note the actual position with capital expenditure; and
 - c. Note the Forecast expenditure for 2014/15 and agree that a review of the treatment of the underspending should be brought back to the Committee in March 2015.

BACKGROUND

3. This report reviews the actual expenditure against budget to 30 November 2014 for both revenue and capital expenditure. After the first seven months results budget holders have worked with finance managers to provide an updated forecast of expenditure for the year.
4. A summary of the net revenue expenditure for the eight months to 30 November is shown in the table below.

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	23,302	(577)	-2%	-
On-Call Fire-Fighters	3,791	(1)	0%	-
Control	1,113	15	1%	-
Support Staff	7,426	17	0%	57
Total Employment Costs	35,632	(545) 	-2%	57
Support Costs	1,339	(77)	-5%	126
Premises & Equipment	6,611	(159)	-2%	1,505
Other Costs & Services	2,080	(270)	-11%	686
Ill health pension costs	1,326	1,242	++	-
Financing Items	1,353	39	3%	0
Operational income	(3,314)	(589)	22%	4
Contribution to/(from) Reserves	-	248	0%	-
Total Other Costs	9,395	436 	5%	2,320
Total Budget	45,027	(110) 	0%	2,378
Total Funding	(49,555)	(123) 	0%	-
Funding Gap / (Surplus)	(4,527)	(233) 		2,378

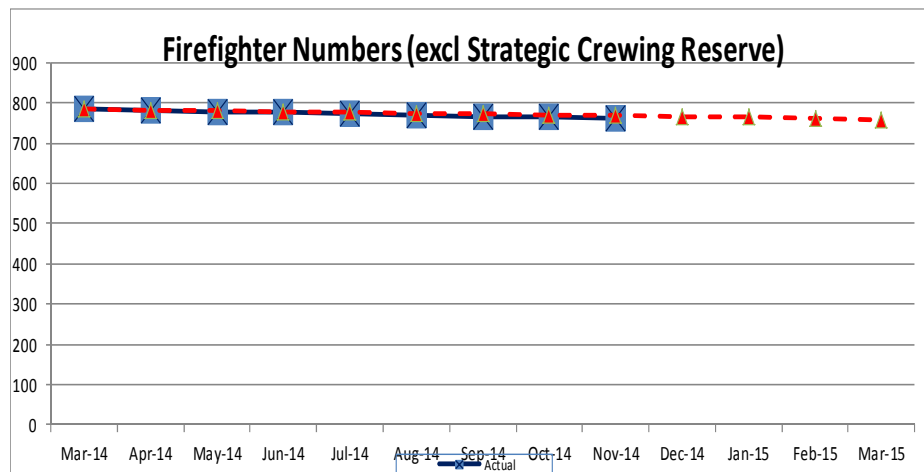
5. More detailed figures are provided at page 7.

STAFFING

6. Overall employments costs are £545K under budget for the 8 months to 30 November. The underspend for, whole time fire-fighters is £577K (2%). For on-call firefighters, spend is now in line with budget. A virement, as agreed by members, has now been raised to utilise part of the underspending on whole time pay to fund the cost of resilience payments during periods of industrial action and the costs of on-call crews mobilised to the Thoby Lane Incident, the impact is to bring on-call firefighters pay in line with revised budget at the end of November.
7. Whole-time fire-fighter numbers at 762.5 are close (-0.7%) to the budgeted level at the end of November after excluding the strategic crewing reserve. There are no plans to recruit more whole-time fire-fighters at the current time; pressure on resources will be covered by additional shift working budgeted as 44 posts under the strategic crewing reserve.
8. The staffing position at the end of September is summarised below (% figures rounded):

30 Nov 2014	Actual	Budget	Variance	
Wholetime Firefighters - FTE	762.5	768.0	-5.5	-1%
Strategic Crewing Reserve		44.0	-44.0	-100%
On-Call Firefighters - Headcount	487.0	514.0	-27.0	-5%
Control - FTE	39.0	44.0	-5.0	-11%
Support Staff - FTE	271.3	267.0	4.3	2%
Total	1,559.8	1,637.0	-77.2	-5%

9. The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 7 at the end of November, the same as the position a year earlier. The number of fire-fighters over 50 with more than 25 years' service was 67 at the end of November.
10. The graph below shows the numbers of whole-time fire-fighters compared to the budget for the first 8 months of the financial year.



WATCH BASED FIREFIGHTERS

11. The numbers of Watch Based Fire-fighters compared to the target levels set by the Authority are shown below:

Date	Budgeted Rider Resource	Optimum Rider Resilience Level	Critical Minimum Rider Requirement	Actual Riders	Wholetime Rota Day Working (FTE)	On-Call Firefighters Mixed Crewing (FTE)
31/10/2014	624	608	576	606.5	0.0	2.6
30/11/2014	624	608	576	604.5	0.0	2.8

12. Watch based numbers remain just below the optimum rider resilience level; the vacancies arise in the Strategic Crewing Reserve. Action, short of a strike by the Fire Brigades Union is preventing any additional shift working or voluntary overtime by firefighters. The additional shifts worked by on-call fire-fighters, mainly at Dunmow are reported as Full Time Equivalent (FTE) posts in the table above.

NON PAY RELATED EXPENDITURE

13. Non-pay related expenditure includes the costs of firefighter injury payments where there is insufficient budget provision. Apart from this variance, premises and equipment is 159K (2%) underspent and other costs are £270K (11%) under budget. We expect these expenditure variations to catch up against the phasing of the budget during the remaining part of the financial year.

2014-15 FORECAST OUTTURN

14. The forecast for the year has been updated in conjunction with budget holders to reflect the expected out-turn for the year the forecast level; of saving is some

£0.4m against the overall budget of £73.8m. This is after allowing for the additional £1.7m of injury payments which was not allowed for in the original budget for 2014-15.

Description	Current Full Year Budget £'000s	Nov Forecast £'000s	Forecast Variance £'000s	% Forecast Variance
Firefighters	36,248	34,670	(1,578) ✓	-4%
On-Call Fire-Fighters	5,736	5,502	(234) ✓	-4%
Control	1,653	1,686	33 ✓	2%
Support Staff	11,129	11,083	(46) ✓	0%
Total Employment Costs	54,766	52,942	(1,824) ✓	-3%
Support Costs	2,182	2,124	(58) ✓	-3%
Premises & Equipment	10,154	10,527	373 ✓	4%
Other Costs & Services	3,524	3,136	(388) ✓	-11%
Ill health pension costs	201	1,937	1,736 ✓	++
Financing Items	8,706	8,726	20 ✓	0%
Operational income	(4,087)	(4,235)	(148) ✓	4%
Contribution to/(from) Reserves	(2,175)	(1,807)	368 ✓	-17%
Total Other Costs	18,505	20,408	1,903 ✓	10%
Total Budget	73,271	73,350	79 ✓	0%
Total Funding	(73,271)	(73,770)	(499) ✓	1%
Funding Gap / (Surplus)	0	(419)	(419) ✓	++

15. Based on the headcount at the end of November and expected movement during the rest of this year we expect fire-fighters pay to be £1.6m underspent by the end of the year. The pay forecasts for both on-call and whole-time fire-fighters assume that there are no more additional strike costs and no further significant increase in operational needs.
16. The forecast underspend of £58K in support costs includes £118K for training, part of this underspend will be used for consultancy services to support the Workforce Transformation Programme, virements will be raised to transfer the budget to other costs and services which include consultancy costs. Premises and equipment shows a forecast overspend of £373K, this relates to utilities (£100K), rate increases (£55K) and fuel costs which are now forecast to be £60k over budget.
17. A decision on whether the underspending in the year should be used to booster the Authority's reserves, or fund capital expenditure will need to be made at the next meeting of the Committee when the ear-marked reserves can also be reviewed in the light of the 2015/16 budget.

CAPITAL EXPENDITURE

18. Total capital expenditure and commitments to 30 November were £8.3m; this includes £1.4m for the Kelvedon Park Development and £1.5m for the solar panels on stations, other property projects account for £0.9m. The Information Technology spend and commitment of £1.9m mainly relates to the new Control mobilising system. We have also committed £0.9m on BA equipment and £1.5m on Appliances and other vehicles at 30th November, the first appliance is expected to be delivered by the end of the financial year.

	Revised Budget - 5/11/14 £'000s	Actual Spend To November 2014 £'000s	Commitments 2014/15 £'000s	Total Spend including Commitments £'000s	Revised Forecast November 2014 £'000s
Property					
New Premises					
Service Headquarters	2,185	1,011	366	1,377	2,185
Service Workshops	250	0	169	169	250
Other	-	-	-	-	-
Existing Premises					
Solar Panels	1,652	520	976	1,496	1,652
Asset Protection	1,600	242	509	751	1,600
Asset Improvement Works	-	14	25	38	-
Total Property	5,687	1,787	2,045	3,832	5,687
Equipment	1,596	922	11	933	1,669
Information Technology					
Projects > £250k	1,871	589	1,156	1,746	1,871
Projects < £250k	393	130	19	150	393
Total Information Technology	2,264	720	1,176	1,895	2,264
Vehicles					
New Appliances	1,060	-	1,400	1,400	1,400
Other Vehicles	781	187	-	187	578
Total Vehicles	1,841	187	1,400	1,587	1,978
Total Capital Expenditure	11,389	3,616	4,631	8,247	11,598

RISK MANAGEMENT IMPLICATIONS

19. The review of expenditure against the profiled budget is part of the overall financial control process of the Authority. In exceptional circumstances it allows for budget virements to ensure that underspending against budget heads can be utilised to fund expenditure against other priorities. If virements are not made there is a risk that the Authority will miss out on opportunities to improve performance and meet key objectives during the year. The Authority's reserves are at the upper end of their target range and the Authority is able to fund short term fluctuations in activity from them when necessary.
20. The review of the management accounts is one control measure to mitigate the risk of overspending the Authority's budget for the year.

LEGAL IMPLICATIONS

21. There are no direct legal implications within this report.

USE OF RESOURCES

22. There are no use of resources implications within this report

ENVIRONMENTAL IMPLICATIONS

23. There are no environmental implications arising from this report

EQUALITY IMPLICATIONS

24. There are no equality implications arising from this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of appendices attached to this paper:	
Appendix 1 – Expenditure compared to budget to 30 September 2014	
List of background documents (not attached):	

Proper Officer:	The Finance Director and Treasurer
Contact Officer:	The Finance Director and Treasurer, Mike Clayton Essex County Fire & Rescue Service Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576000 E-mail: mike.clayton@essex-fire.gov.uk

EXPENDITURE COMPARED TO BUDGET TO 30 NOVEMBER 2014

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	23,302	(577) ✓	-2%	-
On-Call Fire-Fighters	3,791	(1) ✓	0%	-
Control	1,113	15 ✓	1%	-
Support Staff	7,426	17 ✓	0%	57
Total Employment Costs	35,632	(545) ✓	-2%	57
Training	405	(94) ✓	-19%	56
Employee Support Costs	487	(4) ✓	-1%	65
Travel & Subsistence	447	22 ✓	5%	5
Support Costs	1,339	(77) ✓	-5%	126
Property Maintenance	1,096	(459) ✓	-30%	21
Utilities	435	71 ✓	19%	4
Rent & Rates	956	46 ✓	5%	26
Equipment & Supplies	950	(18) ✓	-2%	100
Communications	970	19 ✓	2%	886
Information Systems	1,391	40 ✓	3%	412
Transport	813	142 ✓	21%	56
Premises & Equipment	6,611	(159) ✓	-2%	1,505
Establishment Expenses	727	(66) ✓	-8%	15
Insurance	328	(37) ✓	-10%	505
Professional Fees & Services	859	(172) ✓	-17%	165
Democratic Representation	98	(6) ✓	-5%	-
Agency Services	68	11 ✓	19%	-
Other Costs & Services	2,080	(270) ✓	-11%	686
III Health Pension costs	1,326	1,242 ✓	++	-
Lease & Interest Charges	1,353	39 ✓	3%	0
Financing Items	1,353	39 ✓	3%	0
Operational income	(3,314)	(589) ✓	22%	4
Contributions to/ (from) General Balances	-	248 ✓	0%	-
Total Net Financing Requirement	45,027	(110) ✓	0%	2,378
Revenue Support Grant	(11,962)	- ✓	0%	-
National Non-Domestic Rates	(11,229)	(126) ✓	0%	-
Council Tax Collection Account	(360)	- ✓	0%	-
Council Tax	(26,003)	3 ✓	0%	-
Total Funding	(49,555)	(123) ✓	0%	-