

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

Policy and Strategy Committee

AGENDA ITEM

4

MEETING DATE

15 March 2017

REPORT NUMBER

EFA/014/17

SUBJECT

Budget Review January 2017

REPORT BY

Mike Clayton, Finance Director & Treasurer

PRESENTED BY

Mike Clayton, Finance Director & Treasurer

SUMMARY

This paper reports on expenditure against budget as at 31 January 2017 and identifies and comments on major budget variations. In addition, the report includes key indicators that act as lead indicators for expenditure across the Authority.

RECOMMENDATIONS

Members are asked to:

1. Note the position on income and expenditure at 31 January 2017 compared to the revised budget approved by members on 21 September 2016.
2. Note the capital expenditure spend against budget for the period to 31 January 2017.
3. To approve the carry forward to 2017-18 of a £50K underspend on Community safety activities, this to fund setting up of station based activities in line with our service strategy

BACKGROUND

This table below shows actual expenditure against budget to 31 January 2017.

Description	YTD			
	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	Commitments £'000s
Firefighters	25,724	(185)	-1%	-
On Call Firefighters	4,247	76	2%	-
Control	1,074	(63)	-6%	-
Support Staff	9,921	68	1%	187
Total Employment Costs	40,966	(104)	0%	187
Support Costs	4,242	(270)	-6%	67
Premises & Equipment	7,888	(886)	-10%	1,524
Other Costs & Services	3,324	228	7%	380
Ill health pension costs	1,772	53	3%	-
Financing Items	1,280	(90)	-7%	4
Operational income	(3,299)	(54)	2%	0
Contribution to/(from) Reserves	(3,495)	-	0%	-
Total Other Costs	11,711	(1,019)	-8%	1,975
Total Budget	52,677	(1,123)	-2%	2,161
Total Funding	(60,601)	(19)	0%	-
Funding Gap / (Surplus)	(7,924)	(1,142)		2,161

More detailed figures are provided at appendix 1.

STAFFING

Overall employment costs are £104K (0.3%) under budget for the 10 months to 31 January 2017.

Spend for whole time fire-fighters is £185K (0.7%) under budget, this reflects headcount being lower than budget and the seasonal higher overtime costs to cover the Christmas bank holiday period.

For on-call firefighters, spend is £76K (1.8 %) over budget. This comprises two main elements, actual average headcount at 474 has been consistently below budget at 519 this year, this results in an underspend of c. £198K to January. Activity levels have increased and are higher than both last year and budget, this accounts for an overspend of £274K to date.

Support staff pay is £68K (0.01%) over budget for the 10 months to 31 January. This comprised an underspending of £392K on directly employed staff offset by an overspending of £460K on casual and temporary staff. Directly employed support staff full time equivalent (FTE) headcount was 253.3 at 31 January, this shows a net reduction of 7.4 FTE or 3% since the beginning of the year. A further point worth highlighting is that we now have 34.4 (12%) vacancies against the budgeted establishment. The higher staff turnover for this group reflects a number of factors including uncertainty about future roles in the light of the potential for greater collaboration and integration with Essex Police. There were also 52 temporary Support Staff engaged to the end of January 2017.

Whole-time fire-fighter numbers at 629.5 are 10.5 (2.1%) under phased budget at the end of January.

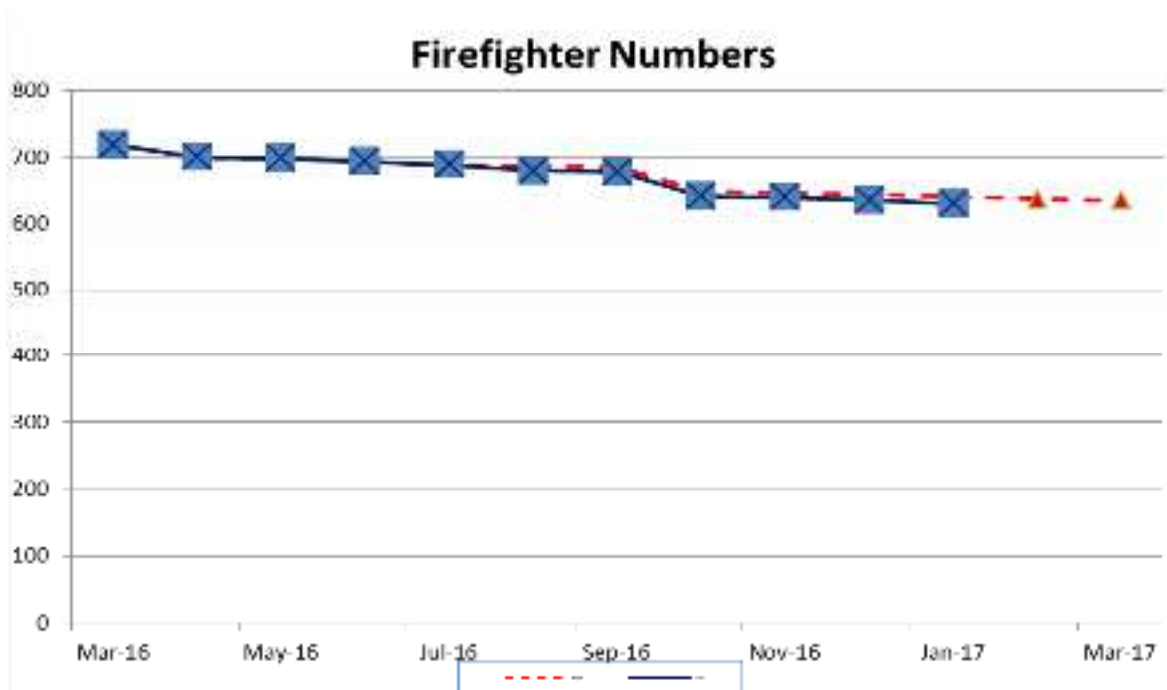
The staffing position at the end of January is summarised below (% figures rounded):

31 Jan 2017	Actual	Phased Budget	Variance	
Wholetime Firefighters - FTE	629.5	640.0	-10.5	-2%
On-Call Firefighters - Headcount	478.0	519.0	-41.0	-8%
Control - FTE	32.8	33.0	-0.2	-1%
Support Staff - FTE	253.3	287.7	-34.4	-12%
Total	1,393.6	1,479.7	-86.1	-6%

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 379.25 fire-fighters.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 11 at the end of January. The number of fire-fighters over 50 with more than 25 years' service was 55 at the end of January.

The graph below shows the numbers of whole-time fire-fighters compared to the budget for the year.



WATCH BASED FIREFIGHTERS

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

Date	Budgeted Rider Resource	OptJmum Rider Resilience Level	Critical Minimum Rider Requirement	Actual Riders	Wholetime Rota Day Working (FTE)	On-Call Firefighters Mixed Crewing (FTE)
31/12/2016	524	500	476	502.0	0.0	0.0
31/01/2017	524	500	476	501.0	0.0	0.0

ON-CALL FIREFIGHTERS

Full details of the on-call numbers are provided in Appendix 2. The table shows that we have a headcount of 478.0 firefighters at 31st January 2017 equal to the 478.0 at 1st April 2016 this reverses the previously reported decline in numbers..

NON-PAY RELATED EXPENDITURE

Non-pay expenditure is £965K underspent for the 10 months to 31 January; in addition operational income is £54K better than budget.

Support costs are £270K (6.0%), underspent for the 10 months to 31 January, the main areas of underspend are travelling and subsistence which is £169K (30.0%) underspent and training at £106K (19.0%) underspent.

Premises and equipment is £886K (10.1%), underspent the main areas of underspend are property maintenance £154K (8.6%), ICT projects £393K (18.1%) and Rent and Rates £156K (13.5%). An assessment of the Rent and Rates paid in previous years resulted in refunds received in January 2017 and the favourable variance against budget.

Other costs and services are £228K (7.4%) overspent; this includes a £317K overspend on legal costs.

FORECAST

The forecast for 2016/17 has been reviewed as part of the 2017/18 budget process and the expected outturn position is shown below:

Description	2016-17 Budget £'000s	2016-17 Forecast £'000s	Forecast Variance £000's
Firefighters	30,963	30,808	(156)
Firefighters - Retained Duty System	5,349	5,480	131
Control	1,364	1,257	(108)
Support Staff	12,381	12,343	(38)
Total Employment Costs	50,058	49,888	(170)
Support Costs	5,005	4,832	(173)
Premises & Equipment	10,529	10,478	(51)
Other Costs & Services	3,736	4,058	322
Firefighters' Pension Scheme	2,097	2,114	17
Financing Items	7,585	3,798	(3,787)
Operational income	(3,894)	(3,864)	30
Contribution to/(from) Reserves	(3,812)	-	3,812
Total Other Costs	21,246	21,416	170
Total Budget	71,304	71,304	0
Total Funding	(71,304)	(71,304)	-

The forecast variance is reported against the revised budget. The forecast includes £263k of higher legal costs, with savings across other budget headings. The main feature of the forecast is the use of £3.7m of the capital receipts reserve to reduce the capital financing charge, this replaces the budgeted use of the general reserve. This is the same approach that was adopted in 2015/16.

Within the overall picture there is an underspend of £50k on the Community Safety budget that is requested to be carried forward to 2017/18 to allow for the support of station based community safety activities.

CAPITAL EXPENDITURE

Capital expenditure for the 10 months to 31 January 2017 is shown in the table below.

Total capital expenditure is £5.0m, the largest item included is £2.7m for new appliances. The figure also includes £1,400K for asset protection and service workshops. Equipment includes thermal imaging cameras (£237K), fire ground radio (£88K), Hydraulic Hose (£122k) and RPE masks and equipment (£35K).

The investment of £242K in information technology relates to the final stages of replacing the MIS system for Community Safety and Fleet Workshops.

	Original Budget 2016/17 £'000s	Approved Changes £'000s	Revised Budget - 16/3/16 £'000s	Total Spend including Commitments £'000s	Forecast 2016/17 at November 2016
Property					
New Premises					
Service Headquarters	-	-	-	-	-
Service Workshops	1,000	-	1,000	174	400
Other	-	-	-	-	-
Existing Premises					
Solar Panels	300	-	300	42	100
Asset Protection	2,000	-	2,000	1,184	1,700
Asset Improvement Works	-	-	-	-	-
Total Property	3,300	-	3,300	1,400	2,200
Equipment	592	597	1,189	482	598
Information Technology					
Projects > £250k	640	-	640	232	-
Projects < £250k	185	-	185	10	645
Total Information Technology	825	-	825	242	645
Vehicles					
New Appliances	2,255	-	2,255	2,699	2,503
Other Vehicles	851	116	967	219	273
Total Vehicles	3,106	116	3,222	2,918	2,776
Total Capital Expenditure	7,823	713	8,536	5,042	6,219

RISK MANAGEMENT IMPLICATIONS

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 under spending 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.

The review of the management accounts is one control measure to mitigate the risk of overspending the Authority's budget for the year.

LEGAL AND EQUALITIES IMPLICATIONS

There are no direct legal or equalities implications within this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	
List of background documents – including appendices, hardcopy or electronic including any relevant link/s.	
Appendix 1 Management Accounts – January 2017	
Appendix 2 On Call Firefighter Headcount Numbers	
Proper Officer:	Finance Director & Treasurer
Contact Officer:	Mike Clayton Essex County Fire & Rescue Service, Kelvedon Park, London Road, Rivenhall, Witham CM8 3HB Tel: 01376 576109 Mike.clayton@essex-fire.gov.uk

APPENDIX 1 - MANAGEMENT ACCOUNTS – JANUARY 2017

Description	YTD			
	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	Commitments £'000s
Firefighters	25,724	(185)	-1%	-
On-Call Fire-Fighters	4,247	76	2%	-
Control	1,074	(63)	-6%	-
Support Staff	9,921	68	1%	187
Total Employment Costs	40,966	(104)	0%	187
Training	451	(106)	-19%	26
Employee Support Costs	3,396	6	0%	36
Travel & Subsistence	395	(169)	-30%	5
Support Costs	4,242	(270)	-6%	67
Property Maintenance	1,645	(154)	-9%	338
Utilities	433	(59)	-12%	2
Rent & Rates	1,001	(156)	-13%	(16)
Equipment & Supplies	1,220	14	1%	90
Communications	1,133	(41)	-4%	597
Information Systems	1,778	(393)	-18%	468
Transport	678	(98)	-13%	46
Premises & Equipment	7,888	(886)	-10%	1,524
Establishment Expenses	820	12	1%	83
Insurance	483	56	13%	-
Professional Fees & Services	1,804	155	9%	296
Democratic Representation	116	(5)	-4%	-
Agency Services	101	9	10%	-
Other Costs & Services	3,324	228	7%	380
III Health Pension costs	1,772	53	3%	-
Lease & Interest Charges	1,278	(90)	-7%	4
Asset management revenue account	2	-	++	-
Statutory Provision for Capital Financing	-	-	0%	-
Financing Items	1,280	(90)	-7%	4
Operational income	(3,299)	(54)	2%	0
Contributions to/ (from) General Balances	(3,495)	-	0%	-
Total Net Financing Requirement	52,677	(1,123)	-2%	2,161
Revenue Support Grant	(12,508)	(3)	0%	-
National Non-Domestic Rates	(12,937)	(74)	0%	-
Council Tax Collection Account	(711)	58	0%	-
Council Tax	(34,446)	(0)	-8%	-
Total Funding	(60,601)	(19)	0%	-

APPENDIX 2

ON CALL FIREFIGHTER HEADCOUNT NUMBERS

Station	Actual For Jan 2017	Movement since 01 Apr 2016	Joiners since 01 Apr 2016	Leavers since 01 Apr 2016	Transfers In since 01 Apr 2016	Transfers Out since 01 Apr 2016
Billericay	13	(1)	0	(1)	0	0
Braintree	22	(1)	1	(2)	0	0
Brentwood	15	1	2	(1)	1	(1)
Brightlingsea	12	1	1	0	0	0
Burnham	10	(3)	1	(4)	0	0
Canvey Island	17	(1)	0	(1)	0	0
Coggeshall	12	2	1	0	1	0
Corringham	11	(1)	2	(2)	0	(1)
Dovercourt	12	0	0	0	0	0
Dunmow	15	(1)	4	(4)	0	(1)
Epping	14	(1)	0	(2)	1	0
Frinton	15	(2)	0	(2)	0	0
Halstead	21	0	2	(2)	0	0
Hawkewell	14	0	1	(1)	0	0
Ingatestone	12	2	2	0	0	0
Leaden Roding	7	0	0	0	0	0
Maldon	21	0	1	(2)	1	0
Manningtree	14	0	2	(2)	0	0
Newport	10	0	0	0	0	0
Old Harlow	12	(2)	0	(2)	0	0
Ongar	7	1	2	0	0	(1)
Rochford	11	1	3	(2)	0	0
Saffron Walden	21	(1)	0	(2)	1	0
Shoeburyness	12	0	2	(2)	0	0
Sible Hedingham	8	0	0	0	0	0
Stansted	14	0	3	(2)	0	(1)
Thaxted	7	(1)	0	0	0	(1)
Tillingham	10	(1)	1	(2)	0	0
Tiptree	14	2	2	0	0	0
Tollesbury	11	0	1	(1)	0	0
Weeley	15	1	2	(1)	0	0
West Mersea	12	1	1	0	0	0
Wethersfield	10	1	0	0	1	0
Wickford	13	2	2	0	0	0
Witham	21	(1)	2	(3)	0	0
Wivenhoe	13	2	2	0	0	0
Grand Total	478	0	43	(43)	6	(6)