

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING	Policy & Strategy Committee	AGENDA ITEM	7
MEETING DATE	21 September 2016	REPORT NUMBER	EFA/110/16
SUBJECT	Budget Review and Revised 2016/17 Budget		
REPORT BY	The Finance Director & Treasurer		
PRESENTED BY	Deputy Finance Director, Glenn McGuinness		

SUMMARY

This paper reports on expenditure against budget as at 31 August 2016 and identifies and comments on major budget variations. It also provides an updated budget for 2016/17 to reflect the implementation plan for the Programme 2020 and seeks approval for the budget virements required.

RECOMMENDATIONS

Members are asked to:

1. Note the position on the Authority's income and expenditure at 31 August 2016 compared the original budget;
2. Note the capital expenditure spend against budget for the period to 31 August 2016; and
3. Approve the revised 2016-17 budget and the use £

BACKGROUND

This table below shows actual expenditure against budget to 31 August 2016.

Description	YTD			
	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	Commitments £'000s
Firefighters	13,224	(149)	-1%	-
On Call Firefighters	1,957	42	2%	-
Control	525	(34)	-6%	-
Support Staff	4,761	201	4%	174
Total Employment Costs	20,468	60	0%	174
Support Costs	796	83	12%	59
Premises & Equipment	3,889	(492)	-11%	1,161
Other Costs & Services	1,643	173	12%	304
Ill health pension costs	948	49	5%	-
Financing Items	681	(2)	0%	2
Operational income	(1,723)	(89)	5%	0
Contribution to/(from) Reserves	-	164	0%	-
Total Other Costs	6,234	(114)	-2%	1,526
Total Budget	26,702	(54)	0%	1,700
Total Funding	(31,337)	17	0%	-
Funding Gap / (Surplus)	(4,635)	(37)		1,700

More detailed figures are provided at page 7.

STAFFING

Overall employment costs are £60K (0.3%) over budget for the 5 months to August.

Spend for; whole time fire-fighters is £149K (1.1%) under budget, this includes pay in lieu of notice for some leavers, for on-call firefighters, spend is £42K (2.2%) over budget.

Support staff pay is £201K (4.4%) above budget for the 5 months to August. This comprises an underspending on directly employed staff of £175K offset by an overspending of £376K on casual and temporary staff cover. The largest factor in the overspend of £201K is £163K relating to the employment of interim staff in the HR and training departments as a result of departmental reorganisation this year.

Whole-time fire-fighter numbers at 679.0 are 16.0 (2.3%) under phased budget at the end of August.

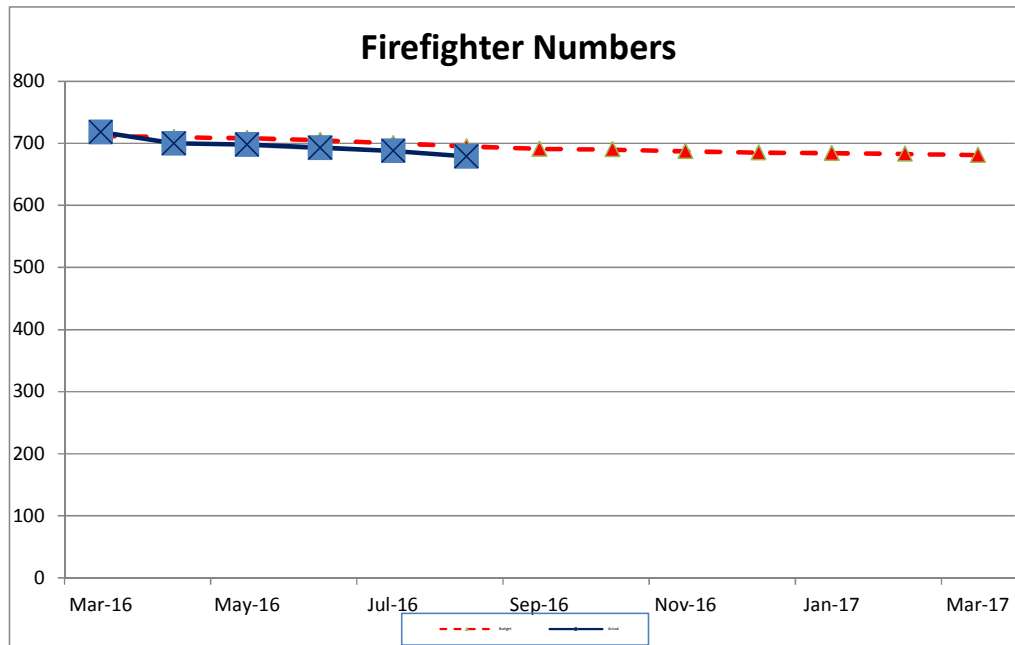
The staffing position at the end of August is summarised below (% figures rounded):

31 Aug 2016	Actual	Phased Budget	Variance	
Wholetime Firefighters - FTE	679.0	695.0	-16.0	-2%
On-Call Firefighters - Headcount	471.0	519.0	-48.0	-9%
Control - FTE	32.8	33.0	-0.2	-1%
Support Staff - FTE	247.7	278.7	-31.1	-11%
Total	1,430.5	1,525.7	-95.3	-6%

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 374 fire-fighters.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 9 at the end of August. The number of fire-fighters over 50 with more than 25 years' service was 77 at the end of August.

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



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)
31/07/2016	600	576	548	546.0	0.0	2.9
31/08/2016	600	576	548	538.0	0.0	2.9

The shortage of riders will be addressed by the removal of the second fire engines from Loughton, Orsett and Rayleigh Weir fire stations at the end of September as part of Programme 2020.

ON-CALL FIREFIGHTERS

Full details of the on-call numbers are provided in Appendix 2. The table shows that we have a headcount of 471.0 firefighters at 31st August a net reduction of 7.0 from the 478.0 at 1st April this year. Consultation on amendments to the bandings for on-call availability has commenced. Research has evidenced that this is a significant barrier to recruitments, particularly for a more diverse workforce.

NON-PAY RELATED EXPENDITURE

Non-pay expenditure is £25K underspent for the 5 months to 31 August; in addition operational income is £89K better than budget.

Support costs are £83K (11.7%) overspent for the 5 months to 31 August, the main areas of overspend are training £56K (28%) and Redundancy and Financial Strain £125K (100%) Travelling and subsistence is £91K (32%) underspent.

Premises and equipment is £492K (11%) underspent, this reflects a slow start to the first half of the year on property maintenance ICT and operational equipment.

REVISED BUDGET 2016/17

The budget for 2016-17 approved by the Fire Authority in February was prepared on a business as usual basis, although options for change including project 2020 and the management review were being considered, these could not be included in the budget until decisions on the future direction of the Service had been made by members, these were scheduled for June 2016.

Following the decision by the Authority to adopt option 2 from the options for change proposals and completion of phase 1 of the management review an exercise has been carried out to assess the impact on the 2016-17 budget.

A revised budget for 2016-17 is given in the table below with the main reason for the changes analysed:

Description	Original Full Year Budget	2nd phase Firefighter early		HR Dept Restructure and		Options for change plan		Revised Full Year Budget
	£'000s	Pay Inflation	exits cost £'000s	Reorganisa sation Savings	Additional Training '000s	£'000s	Other	
Firefighters	31,847	366	470	(1,377)	-	-	305	31,612
On Call Firefighters	5,522	45	-	-	-	-	-	5,567
Control	1,345	10	-	-	-	-	-	1,355
Support Staff	11,477	116	-	(45)	297	182	(17)	12,010
Total Employment Costs	50,190	537	470	(1,422)	297	182	288	50,543
Support Costs	1,717	-	2,630	-	188	-	-	4,535
Premises & Equipment	10,514	-	-	-	-	-	-	10,514
Other Costs & Services	3,516	-	25	-	-	70	125	3,736
Ill health pension costs	2,097	-	-	-	-	-	-	2,097
Financing Items	7,585	-	-	-	-	-	-	7,585
Operational income	(3,922)	-	-	-	-	-	28	(3,894)
Contribution to/(from) Reserves	(393)	(537)	-	-	-	-	-	(931)
Total Other Costs	21,114	(537)	2,655	-	188	70	153	23,643
Total Budget	71,304	0	3,125	(1,422)	485	252	442	74,186
Total Funding	(71,304)	-	-	-	-	-	-	(71,304)
Funding Gap / (Surplus)	-	0	3,125	(1,422)	485	252	442	2,882

The revised budget reflects some additional non-recurring costs in 2016/17 that were not included in the medium term projections included in the Authority's efficiency plan. The plan requires a net use of reserves of £2.9m after the inclusion of some £3.1m of costs associated with the early exit options for firefighters. The plan will be updated to reflect this before submission to the Government. Comments on these and the other major changes are included below:

- To fund the costs (£3.1m) of early retirement for c.45 firefighters, this in accordance with the approach to organisational change agreed by members in December 2015.

- Reorganisation savings of £1.4m result from a reduction in firefighter numbers from 1st October and savings from phase 1 of the management review.
- The restructuring the HR department has required additional interim management resourcing, this together with some additional training cost initiatives will increased the HR and training budget by £485K this year.
- As part of the development of the options for change plan, the resources required to support this have been assessed at £252K in 2016-17.
- £200K for backdated pension contributions for day-crewed firefighters.

CAPITAL EXPENDITURE

Capital expenditure for the 5 months to 31 August 2016 is shown in the table below.

Total capital expenditure is £3.7m, the largest item included is £2.5m for new appliances. The figure also includes £473K for asset protection and service workshops. Equipment includes thermal imaging cameras (£237K), fire ground radios (£87K) and RPE masks and equipment (£36K).

The investment of £186K in information technology relates to 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 2017 £'000s
Property					
New Premises					
Service Headquarters	-	-	-	-	-
Service Workshops	1,000	-	1,000	174	400
Other	-	-	-	-	-
Existing Premises					
Solar Panels	300	-	300	3	100
Asset Protection	2,000	-	2,000	296	1,700
Asset Improvement Works	-	-	-	-	-
Total Property	3,300	-	3,300	473	2,200
Equipment	592	597	1,189	360	1,189
Information Technology					
Projects > £250k	-	-	-	88	-
Projects < £250k	825	-	825	98	645
Total Information Technology	825	-	825	186	645
Vehicles					
New Appliances	2,255	-	2,255	2,503	2,503
Other Vehicles	851	116	967	149	750
Total Vehicles	3,106	116	3,222	2,651	3,252
Total Capital Expenditure	7,823	713	8,536	3,671	7,286

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 – May 2016	
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

MANAGEMENT ACCOUNTS – AUGUST 2016

Description	YTD Actual	Variance YTD	% Variance	YTD
	£'000s	£'000s	YTD	Commitments £'000s
Firefighters	13,224	(149)	-1%	-
On-Call Fire-Fighters	1,957	42	2%	-
Control	525	(34)	-6%	-
Support Staff	4,761	201	4%	174
Total Employment Costs	20,468	60	0%	174
Training	256	56	28%	31
Employee Support Costs	350	118	51%	27
Travel & Subsistence	190	(91)	-32%	1
Support Costs	796	83	12%	59
Property Maintenance	758	(135)	-15%	531
Utilities	195	(51)	-21%	-
Rent & Rates	563	(15)	-3%	-
Equipment & Supplies	560	(43)	-7%	98
Communications	567	(20)	-3%	367
Information Systems	892	(193)	-18%	140
Transport	353	(35)	-9%	25
Premises & Equipment	3,889	(492)	-11%	1,161
Establishment Expenses	336	(53)	-14%	8
Insurance	222	9	4%	-
Professional Fees & Services	981	220	29%	296
Democratic Representation	58	(3)	-5%	-
Agency Services	46	0	1%	-
Other Costs & Services	1,643	173	12%	304
III Health Pension costs	948	49	5%	-
Lease & Interest Charges	681	(2)	0%	2
Statutory Provision for Capital Financing	-	-	0%	-
Financing Items	681	(2)	0%	2
Operational income	(1,723)	(89)	5%	0
Contributions to/ (from) General Balances	-	164	0%	-
Total Net Financing Requirement	26,702	(54)	0%	1,700
Revenue Support Grant	(8,195)	(2)	0%	-
National Non-Domestic Rates	(6,478)	(10)	0%	-
Council Tax Collection Account	(359)	29	0%	-
Council Tax	(16,305)	(0)	-1%	-
Total Funding	(31,337)	17	0%	-

ON-CALL FIREFIGHTER NUMBERS

ON CALL FIREFIGHTERS					
Headcount Movement 2016-17					
Station	Actual 31st Aug	Joiners	Leavers	Transfers	Year to date movement Incr/(Decr)
Billericay	14.0	0.0	0.0	0.0	0.0
Braintree	20.0	0.0	(3.0)	0.0	(3.0)
Brentwood	14.0	1.0	(1.0)	0.0	0.0
Brightlingsea	12.0	1.0	0.0	0.0	1.0
Burnham	9.0	0.0	(2.0)	0.0	(2.0)
Canvey Island	18.0	0.0	0.0	0.0	0.0
Coggeshall	10.0	0.0	0.0	0.0	0.0
Corringham	11.0	0.0	(1.0)	0.0	(1.0)
Dovercourt	12.0	0.0	0.0	0.0	0.0
Dunmow	16.0	0.0	(1.0)	0.0	(1.0)
Epping	15.0	0.0	(1.0)	0.0	(1.0)
Frinton	17.0	0.0	0.0	0.0	0.0
Halstead	22.0	1.0	0.0	0.0	1.0
Hawkwell	14.0	1.0	(1.0)	0.0	0.0
Ingatestone	11.0	1.0	0.0	0.0	1.0
Leaden Roding	7.0	0.0	0.0	0.0	0.0
Maldon	19.0	0.0	(1.0)	0.0	(1.0)
Manningtree	13.0	1.0	(2.0)	0.0	(1.0)
Newport	10.0	0.0	0.0	0.0	0.0
Old Harlow	14.0	0.0	0.0	0.0	0.0
Ongar	5.0	0.0	0.0	0.0	0.0
Rochford	11.0	1.0	0.0	0.0	1.0
Saffron Walden	21.0	0.0	(1.0)	0.0	(1.0)
Shoeburyness	11.0	0.0	(1.0)	0.0	(1.0)
Sible Hedingham	8.0	0.0	0.0	0.0	0.0
Stansted	15.0	1.0	0.0	0.0	1.0
Thaxted	8.0	0.0	0.0	0.0	0.0
Tillingham	11.0	1.0	(1.0)	0.0	0.0
Tiptree	13.0	1.0	0.0	0.0	1.0
Tollesbury	11.0	0.0	(1.0)	1.0	0.0
Weeley	14.0	2.0	(1.0)	(1.0)	0.0
West Mersea	12.0	1.0	0.0	0.0	1.0
Wethersfield	9.0	0.0	0.0	0.0	0.0
Wickford	11.0	1.0	(1.0)	0.0	0.0
Witham	20.0	0.0	(2.0)	0.0	(2.0)
Wivenhoe	13.0	0.0	0.0	0.0	0.0
Total Headcount	471.0	14.0	(21.0)	0.0	(7.0)