

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Audit, Governance &
Review Committee**

AGENDA ITEM

9

MEETING DATE

15 July 2015

REPORT NUMBER

EFA/061/15

SUBJECT

Budget Review – May 2015

REPORT BY

The Finance Director & Treasurer

PRESENTED BY

The Finance Director & Treasurer, Mike Clayton

SUMMARY

This paper reports on expenditure against budget as at 31 May 2015 and identifies major variances to the budget for the period.

RECOMMENDATIONS

Members are asked to:

1. Note the review of income and expenditure against the budget; and
2. Note the actual position with capital expenditure;

BACKGROUND

This report reviews the actual expenditure against budget to 31 May 2015 for both revenue and capital expenditure. .

A summary of the net revenue expenditure for the two months to 31 May is shown in the table below.

Description	YTD			
	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	Commitments £'000s
Firefighters	5,564	(170)	-3%	-
On-Call Fire-Fighters	542	27	5%	-
Control	205	(24)	-11%	-
Support Staff	1,864	141	8%	43
Total Employment Costs	8,174	(26)	0%	43
Support Costs	256	(64)	-20%	104
Premises & Equipment	1,621	(70)	-4%	530
Other Costs & Services	515	(37)	-7%	298
Ill health pension costs	328	(5)	-1%	-
Financing Items	301	(1)	0%	8
Operational income	(773)	(87)	13%	0
Contribution to/(from) Reserves	-	(60)	0%	-
Total Other Costs	2,249	(324)	-13%	940
Total Budget	10,423	(350)	-3%	983
Total Funding	(14,418)	-	0%	-
Funding Gap / (Surplus)	(3,995)	(350)		983

More detailed figures are provided at page 6.

STAFFING

Overall employments costs are £26K under budget for the 2 month to the end of May.

The underspend for, whole time fire-fighters is £170K (3%), this comprises lower headcount than budgeted for (c.£70K) and a reduction in employers pension contributions following the introduction of the new firefighters pension scheme from 1st April 2015 (£100K). The employers' contribution rates for the firefighters pension scheme were not announced until after the budget was finalised.

For on-call firefighters, spend is £27K above budget, whilst the introduction of the new firefighters pension scheme reduces the cost for whole-time firefighters the new employers contribution rates are higher for on-call firefighters, this accounts for an overspend of £18K.

The impact of the changed employers contribution rates for the firefighters pension scheme will result in lower contributions overall and therefore produce an underspending against budget in 2015-16. The impact of this will be assessed in conjunction with the pensions manager. A virement will then be proposed to transfer the expected underspend from the pensions on-cost budget to an "in year" reserve.

The £141K overspend on support staff pay is being reviewed with budget holders, the largest element relates to casual and temporary staff which is £78K overspent. A second factor (c. £30K) is the resourcing arrangements for project 2020, a virement to cover this has been proposed, once approved this will be reflected in the June Finance Report.

Whole-time fire-fighter numbers at 739 are 14 (2%) under budget at the end of May the main reason for this is a high number of retirements and leavers (14 in total)

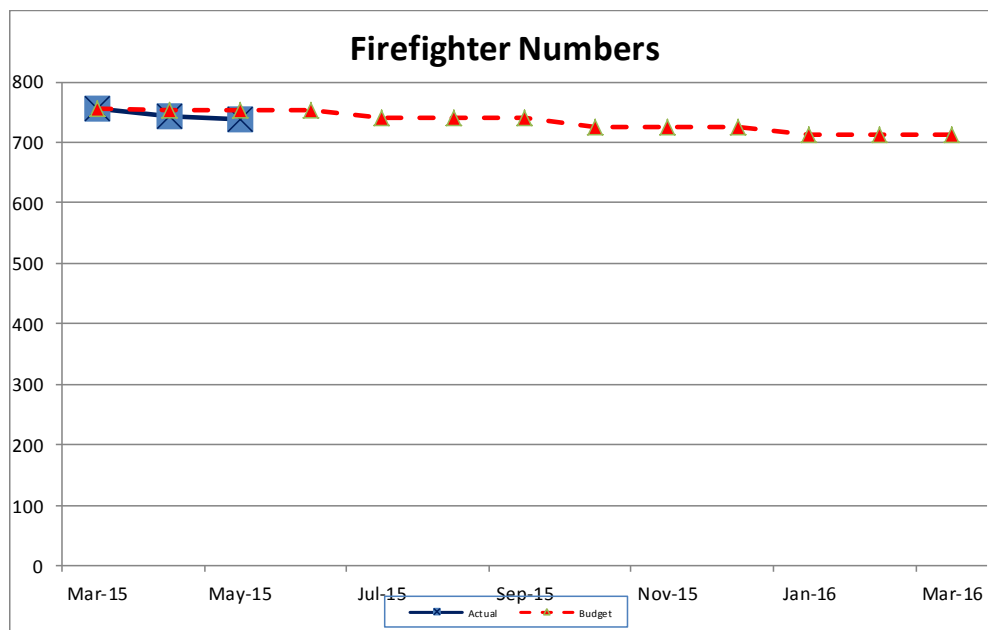
during April. There are no plans to recruit more whole-time fire-fighters at the current time. The staffing position at the end of May is summarised below (% figures rounded):

31 May 2015	Actual	Budget	Variance	
Wholetime Firefighters - FTE	738.5	753.0	-14.5	-2%
On-Call Firefighters - Headcount	485.0	514.0	-29.0	-6%
Control - FTE	36.0	34.0	2.0	6%
Support Staff - FTE	260.6	262.0	-1.4	-1%
Total	1,520.1	1,563.0	-42.9	-3%

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 385.5 fire-fighters against a maximum station requirement of 454.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 4 at the end of May; we have experienced higher retirement rates in the first two months of the year than anticipated in the budget. The number of fire-fighters over 50 with more than 25 years' service was 67 at the end of January

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	Optimum Rider Resilience Level	Critical Minimum Rider Requirement	Actual Riders	Wholetime Rota Day Working (FTE)	On-Call Firefighters Mixed Crewing (FTE)
30/04/2015	624	608	576	589.5	0.0	3.3
31/05/2015	624	608	576	584.5	0.0	3.0

Watch based numbers are below the optimum rider resilience level; this level will reduce when the final stage of the withdrawal of Rescue Tenders is completed in the late summer. Action, short of a strike by the Fire Brigades Union as part of the national dispute over pensions 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

There are no significant variances to report for the 2 months to May.

CAPITAL EXPENDITURE

Capital expenditure spent and committed for the 2 months to 31 May 2015 is shown in the table below.

Total capital expenditure is £5.4m, the largest item included is £3.7m for new appliances. The figure also includes £290K for Solar Panels and £312K for asset protection. The equipment spend and commitment of £500K includes Thermal imaging Cameras (£344K) and Heavy rescue equipment (£156K)

The investment of £339K in information technology relates to replacing the MIS system for Community Safety, the water section and Fleet Workshops.

	Original Budget 2015/16 £'000s	Approved Changes £'000s	Revised Budget - 18/3/15 £'000s	Total Spend including Commitments £'000s
Property				
New Premises				
Service Headquarters	-	-	-	110
Service Workshops	-	-	-	-
Other	-	-	-	-
Existing Premises				
Solar Panels	-	291	291	290
Asset Protection	2,170	-	2,170	312
Asset Improvement Works	-	-	-	-
Total Property	2,170	291	2,461	712
Equipment	736	639	1,375	500
Information Technology				
Projects > £250k	1,300	-	1,300	263
Projects < £250k	200	-	200	77
Total Information Technology	1,500	-	1,500	339
Vehicles				
New Appliances	3,161	1,221	4,382	3,688
Other Vehicles	608	243	851	164
Total Vehicles	3,769	1,464	5,233	3,852
Total Capital Expenditure	8,175	2,394	10,569	5,403

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 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.

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

There are no direct legal implications within this report.

USE OF RESOURCES

There are no use of resources implications within this report

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications arising from this report

EQUALITY IMPLICATIONS

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 31 May 2015	
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 31 MAY 2015

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	5,564	(170)	-3%	-
On-Call Fire-Fighters	542	27	5%	-
Control	205	(24)	-11%	-
Support Staff	1,864	141	8%	43
Total Employment Costs	8,174	(26)	0%	43
Training	94	(10)	-10%	68
Employee Support Costs	105	(25)	-19%	29
Travel & Subsistence	57	(29)	-34%	7
Support Costs	256	(64)	-20%	104
Property Maintenance	310	(71)	-19%	192
Utilities	87	8	10%	1
Rent & Rates	251	12	5%	-
Equipment & Supplies	246	7	3%	66
Communications	214	2	1%	51
Information Systems	367	(1)	0%	177
Transport	146	(27)	-16%	42
Premises & Equipment	1,621	(70)	-4%	530
Establishment Expenses	163	(31)	-16%	32
Insurance	84	(1)	-2%	-
Professional Fees & Services	226	(4)	-2%	266
Democratic Representation	24	(2)	-9%	-
Agency Services	18	2	9%	-
Other Costs & Services	515	(37)	-7%	298
III Health Pension costs	328	(5)	-1%	-
Lease & Interest Charges	301	(1)	0%	8
Depreciation	-	-	0%	-
Asset management revenue account	-	-	0%	-
Statutory Provision for Capital Financing	-	-	0%	-
Voluntary Provision for Capital Financing	-	-	0%	-
Financing Items	301	(1)	0%	8
Operational income	(773)	(87)	13%	0
Contributions to/ (from) General Balances	-	(60)	0%	-
Total Net Financing Requirement	10,423	(350)	-3%	983
Revenue Support Grant	(6,422)	-	0%	-
National Non-Domestic Rates	(2,406)	-	0%	-
Council Tax Collection Account	(122)	-	0%	-
Council Tax	(5,467)	-	0%	-
Total Funding	(14,418)	-	0%	-