

ESSEX FIRE AUTHORITY

Essex County Fire & Rescue Service



MEETING

**Audit, Governance and Review
Committee**

AGENDA ITEM

5

MEETING DATE

19 April 2017

REPORT NUMBER

EFA/057/17

SUBJECT

Budget Review February 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 28 February 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 28 February 2017 compared to the revised budget approved by members on 21 September 2016; and
2. Note the capital expenditure spend against budget for the period to 31 January 2017.

BACKGROUND

This table below shows actual expenditure against budget to 28 February 2017.

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	28,117	(207)	-1%	-
On Call Firefighters	4,672	56	1%	-
Control	1,178	(72)	-6%	-
Support Staff	10,905	45	0%	108
Total Employment Costs	44,872	(178)	0%	108
Support Costs	4,412	(315)	-7%	61
Premises & Equipment	8,669	(983)	-10%	1,412
Other Costs & Services	3,682	273	8%	359
Ill health pension costs	1,936	53	3%	-
Financing Items	1,408	(99)	-7%	8
Operational income	(3,631)	(62)	2%	0
Contribution to/(from) Reserves	(3,524)	-	0%	-
Total Other Costs	12,952	(1,132)	-8%	1,842
Total Budget	57,824	(1,311)	-2%	1,949
Total Funding	(66,375)	(12)	0%	-
Funding Gap / (Surplus)	(8,551)	(1,323)	18%	1,949

More detailed figures are provided at appendix 1.

STAFFING

Overall employment costs are £178K (0.4%) under budget for the 11 months to 28 February 2017.

Spend for whole time fire-fighters is £207K (0.7%) under budget, this reflects headcount being lower than budget.

For on-call firefighters, spend is £56K (1.2 %) 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. £217K to February. Activity levels have increased and are higher than both last year and budget, this accounts for an overspend of £273K to date.

Support staff pay is £45K (0.4%) over budget for the 11 months to 28 February. This comprised an underspend of £459K on directly employed staff offset by an overspend of £504K on casual and temporary staff. Directly employed support staff full time equivalent (FTE) headcount was 258.1 at 28 February, this shows a net reduction of 2.7 FTE or 1% since the beginning of the year. A further point worth highlighting is that we now have 29.7 (10%) 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 41 temporary Support Staff engaged to the end of February 2017. The temporary staff engaged in catering has been counted as being 3 as standard for each working day.

Whole-time fire-fighter numbers at 625.5 are 11.5 (1.8%) under phased budget at the end of February.

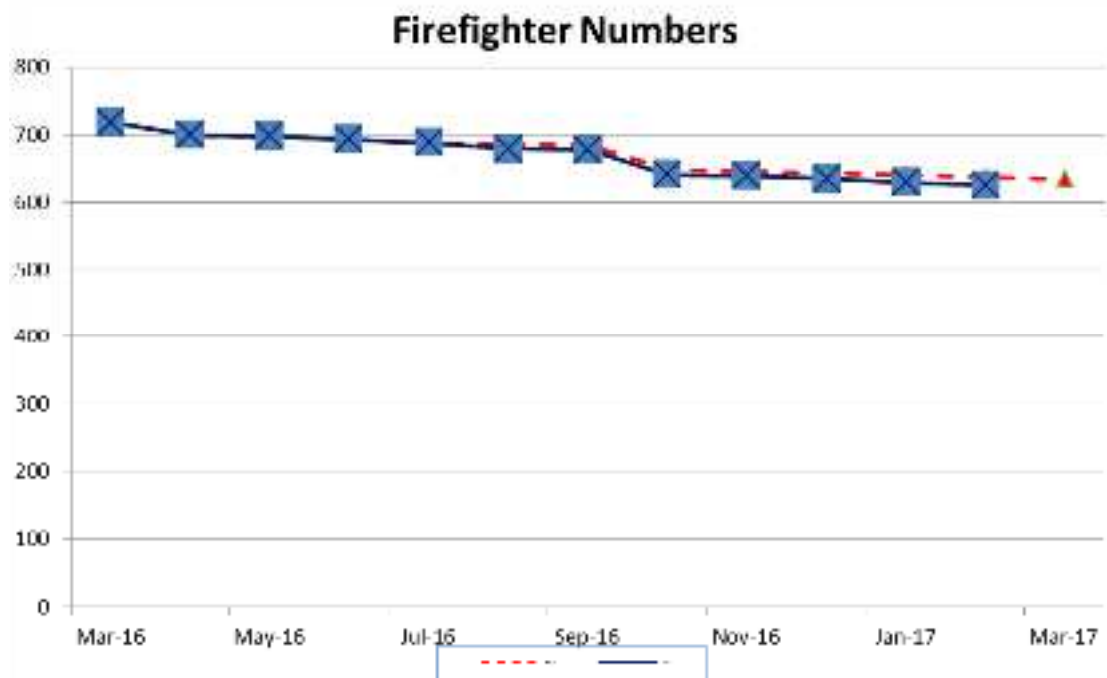
The staffing position at the end of February is summarised below (% figures rounded):

28 Feb 2017	Actual	Phased Budget	Variance	
Wholetime Firefighters - FTE	625.5	637.0	-11.5	-2%
On-Call Firefighters - Headcount	477.0	519.0	-42.0	-8%
Control - FTE	31.8	33.0	-1.2	-4%
Support Staff - FTE	258.0	287.7	-29.7	-10%
Total	1,392.3	1,476.7	-84.4	-6%

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 378.5 fire-fighters.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 12 at the end of February. The number of fire-fighters over 50 with more than 25 years' service was 56 at the end of February.

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)
31/01/2017	524	500	476	501.0	0.0	0.0
28/02/2017	524	500	476	493.0	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 477.0 firefighters at 28th February 2017 a net reduction of 1.0 from the 478.0 at 1st April 2016. 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 £1,070K underspent for the 11 months to 28 February; in addition operational income is £62K better than budget.

Support costs are £315K (6.7%), underspent for the 11 months to 28 February, the main areas of underspend are travelling and subsistence which is £178K (28.6%) underspent and training at £172K (28.0%) underspent.

Premises and equipment is £983K (10.2%), underspent the main areas of underspend are property maintenance £109K (5.5%), ICT projects £494K (20.7%) and Rent and Rates £209K (16.4%). An assessment of the Rent and Rates paid in previous years resulted in refunds received in January + February 2017 and the favourable variance against budget.

Other costs and services are £273K (8.0%) overspent; this includes a £359K 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.

CAPITAL EXPENDITURE

Capital expenditure for the 11 months to 28 February 2017 is shown in the table below.

Total capital expenditure is £5.2m, the largest item included is £2.9m for new appliances. The figure also includes £1,368K 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 £193K 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 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	1,151	1,700
Asset Improvement Works	-	-	-	-	-
Total Property	3,300	-	3,300	1,368	2,200
Equipment	592	597	1,189	482	598
Information Technology					
Projects > £250k	640	-	640	173	-
Projects < £250k	185	-	185	20	645
Total Information Technology	825	-	825	193	645
Vehicles					
New Appliances	2,255	-	2,255	2,915	2,503
Other Vehicles	851	116	967	219	273
Total Vehicles	3,106	116	3,222	3,134	2,776
Total Capital Expenditure	7,823	713	8,536	5,176	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 – Feb 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 – February 2017

Description	YTD			
	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	Commitments £'000s
Firefighters	28,117	(207)	-1%	-
On-Call Fire-Fighters	4,672	56	1%	-
Control	1,178	(72)	-6%	-
Support Staff	10,905	45	0%	108
Total Employment Costs	44,872	(178)	0%	108
Training	441	(172)	-28%	27
Employee Support Costs	3,528	34	1%	30
Travel & Subsistence	443	(178)	-29%	5
Support Costs	4,412	(315)	-7%	61
Property Maintenance	1,869	(109)	-6%	324
Utilities	501	(40)	-7%	1
Rent & Rates	1,065	(209)	-16%	(16)
Equipment & Supplies	1,339	12	1%	97
Communications	1,245	(46)	-4%	461
Information Systems	1,894	(494)	-21%	518
Transport	756	(97)	-11%	27
Premises & Equipment	8,669	(983)	-10%	1,412
Establishment Expenses	949	53	6%	65
Insurance	528	58	12%	-
Professional Fees & Services	1,967	157	9%	294
Democratic Representation	128	(5)	-4%	-
Agency Services	110	9	9%	-
Other Costs & Services	3,682	273	8%	359
III Health Pension costs	1,936	53	3%	-
Lease & Interest Charges	1,406	(99)	-7%	8
Depreciation	-	-	0%	-
Asset management revenue account	2	-	++	-
Statutory Provision for Capital Financing	-	-	0%	-
Voluntary Provision for Capital Financing	-	-	0%	-
Financing Items	1,408	(99)	-7%	8
Operational income	(3,631)	(62)	2%	0
Contributions to/ (from) General Balances	(3,524)	-	0%	-
Total Net Financing Requirement	57,824	(1,311)	-2%	1,949
Revenue Support Grant	(13,370)	(3)	0%	-
National Non-Domestic Rates	(14,207)	(73)	0%	-
Council Tax Collection Account	(781)	64	0%	-
Council Tax	(38,017)	0	13%	-
Total Funding	(66,375)	(12)	0%	-

APPENDIX 2

ON CALL FIREFIGHTER HEADCOUNT NUMBERS

	Actual For	Movement since	Joiners since	Leavers since	Transfers In since	Transfers Out since
Station	Feb 2017	01 Apr 2016	01 Apr 2016	01 Apr 2016	01 Apr 2016	01 Apr 2016
Billericay	13	(1)	0	(1)	0	0
Braintree	22	(1)	1	(2)	0	0
Brentwood	14	0	2	(2)	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	16	0	4	(4)	1	(1)
Epping	14	(1)	0	(2)	1	0
Frinton	15	(2)	0	(2)	0	0
Halstead	21	0	2	(2)	0	0
Hawkeell	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	3	(3)	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	13	1	2	0	0	(1)
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	477	(1)	44	(45)	7	(7)