Essex Fire Authority

Essex County Fire and Rescue Service

MEETING	**Audit, Governance and Review Committee**	AGENDA ITEM	**5**
MEETING DATE	18 January 2017	REPORT NUMBER	**EFA/006/17**
SUBJECT	**Budget Review**		
REPORT BY	Finance Director & Treasurer		
PRESENTED BY	Finance Director & Treasurer – Mike Clayton		

SUMMARY

This paper reports on expenditure against budget as at 30 November 2016 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 the Authority's income and expenditure at 30 November 2016 compared to the updated budget;

2. Note the capital expenditure spend against budget for the period to 30 November 2016; and

3. Note the details of cross border charges.

BACKGROUND

This table below shows actual expenditure against budget to 30 November 2016.

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	20,771	(295)	-1%	-
On Call Firefighters	3,390	121	4%	-
Control	843	(60)	-7%	-
Support Staff	7,728	(29)	0%	122
Total Employment Costs	**32,732**	**(263)**	**-1%**	**122**
Support Costs	3,820	(213)	-5%	85
Premises & Equipment	6,430	(589)	-8%	1,305
Other Costs & Services	2,624	153	6%	511
Ill health pension costs	1,443	52	4%	-
Financing Items	1,031	(63)	-6%	25
Operational income	(2,651)	(55)	2%	0
Contribution to/(from) Reserves	(3,390)	-	0%	-
Total Other Costs	**9,306**	**(717)**	**-7%**	**1,927**
Total Budget	42,038	(979)	**-2%**	2,049
Total Funding	(48,982)	38	**0%**	-
Funding Gap / (Surplus)	(6,944)	(941)	**16%**	2,049

More detailed figures are provided at Appendix 1.

STAFFING

Overall employment costs are £263K (0.8%) under budget for the 8 months to 30 November.

Spend for whole time fire-fighters is £295K (1.4%) under budget, this reflects headcount being lower than budget in the first half of the year.

For on-call firefighters, spend is £121K (3.7%) over budget. This comprises two main elements, actual average headcount at 472 has been consistently below budget at 519 this year, this results in an underspend of c. £160K to November. Activity levels have increased and are higher than both last year and budget, this accounts for an overspend of £281K to date..

Support staff pay is £29K (0.4%) under budget for the 8 months to 30 November. This comprised an underspending of £307K on directly employed staff offset by an overspending of £278K on casual and temporary staff. Directly employed support staff full time equivalent (FTE) headcount was 240.3 at 30 November, this shows a net reduction of 20.4 FTE or 8% since the beginning of the year. A further point worth highlighting is that we now have 47.4 (16%) 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.

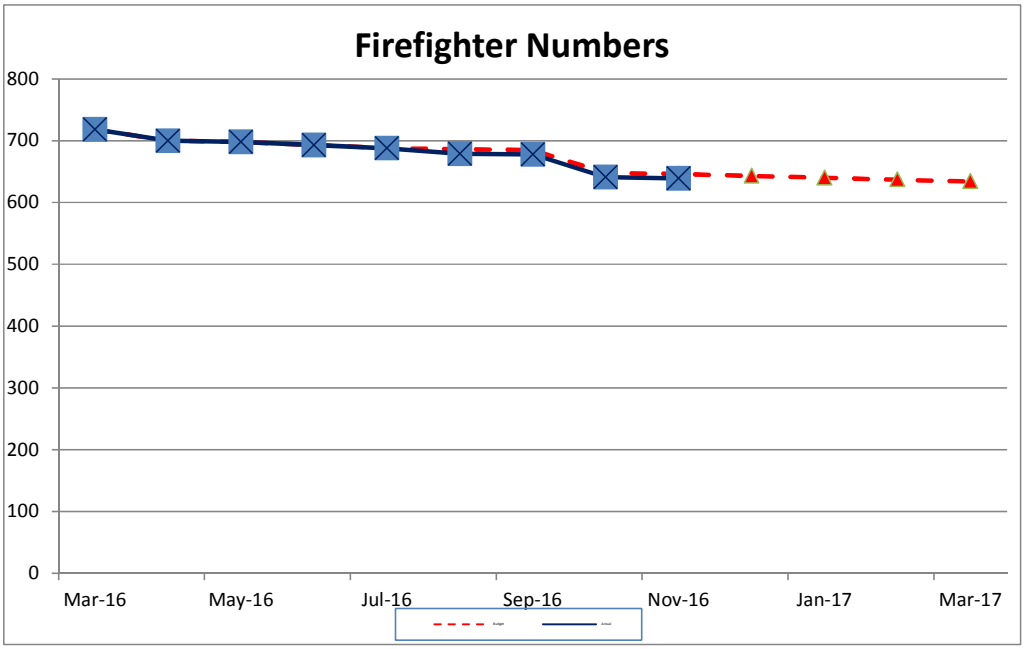
Whole-time fire-fighter numbers at 639.0 are 7.0 (1.0%) under budget at the end of November. The staffing position at the end of November is summarised below:

30 Nov 2016	Actual	Phased Budget	Variance	
Wholetime Firefighters - FTE	639.0	646.0	-7.0	-1%
On-Call Firefighters - Headcount	474.0	519.0	-45.0	-9%
Control - FTE	32.8	33.0	-0.2	-1%
Support Staff - FTE	240.3	287.7	-47.4	-16%
Total	1,386.1	1,485.7	-99.6	-7%

The figures in the table above show on-call fire-fighters on a headcount basis. On a full time equivalent basis there are 375.8 fire-fighters.

The number of whole-time fire-fighters aged over 50 with more than 30 years' service was 10 at the end of November. The number of fire-fighters over 50 with more than 25 years' service was 52 at the end of November.

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)
31/10/2016	524	500	476	505.0	0.0	2.4
30/11/2016	524	500	476	502.0	0.0	2.4

Following the conversion of the fire engine at Dunmow to 0n-call crewing the use of on-call firefighters to work wholetime shifts ceased from 30 November.

ON-CALL FIREFIGHTERS

Full details of the on-call numbers are provided in Appendix 2. The table shows that we have a headcount of 474.0 firefighters at 30th November a net reduction of 4.0 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 £661K underspent for the 8 months to 30 November; in addition operational income is £55K better than budget.

Support costs are £213K (5%), underspent for the 8 months to 30 November, the main areas of underspend are travelling and subsistence which is £131K (29%) underspent and training at £68K (15%) underspent.

Premises and equipment is £589K (8.4%) underspent the main areas of underspend are property maintenance, £173K (12%) and ICT projects £256K (15%)

Other costs and services are £153K (6%) overspent; this includes a £225K 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 8 months to 30 November 2016 is shown in the table below.

Total capital expenditure is £4.8m, the largest item included is £2.5m for new appliances. The figure also includes £1,423K for asset protection and service workshops. Equipment includes thermal imaging cameras (£237K), fire ground radio (£88K) and respiratory protection masks and equipment (£37K).

The investment of £249K in information technology relates to replacing the management information system for Community Safety and Fleet Workshops. A closure report for this programme will be brought to the next meeting of the committee.

`	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	180	400
Other	-	-	-	-	-
Existing Premises					
Solar Panels	300	-	300	3	100
Asset Protection	2,000	-	2,000	1,240	1,700
Asset Improvement Works	-	-	-	-	-
Total Property	**3,300**	**-**	**3,300**	**1,423**	**2,200**
Equipment	**592**	**597**	**1,189**	**360**	**598**
Information Technology					
Projects > £250k	640	-	640	239	460
Projects < £250k	185	-	185	10	185
Total Information Technology	**825**	**-**	**825**	**249**	**645**
Vehicles					
New Appliances	2,255	-	2,255	2,503	2,503
Other Vehicles	851	116	967	219	273
Total Vehicles	**3,106**	**116**	**3,222**	**2,722**	**2,776**
Total Capital Expenditure	**7,823**	**713**	**8,536**	**4,753**	**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 – November 2016 Appendix 2 On-Call firefighter 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

MANAGEMENT ACCOUNTS – NOVEMBER 2016

Description	YTD Actual £'000s	Variance YTD £'000s	% Variance YTD	YTD Commitments £'000s
Firefighters	20,771	(295)	-1%	-
On-Call Fire-Fighters	3,390	121	4%	-
Control	843	(60)	-7%	-
Support Staff	7,728	(29)	0%	122
Total Employment Costs	**32,732**	**(263)**	**-1%**	**122**
Training	378	(68)	-15%	44
Employee Support Costs	3,122	(14)	0%	37
Travel & Subsistence	320	(131)	-29%	4
Support Costs	**3,820**	**(213)**	**-5%**	**85**
Property Maintenance	1,266	(173)	-12%	502
Utilities	308	(86)	-22%	2
Rent & Rates	876	(50)	-5%	0
Equipment & Supplies	1,017	51	5%	86
Communications	904	(35)	-4%	534
Information Systems	1,480	(256)	-15%	142
Transport	580	(41)	-7%	38
Premises & Equipment	**6,430**	**(589)**	**-8%**	**1,305**
Establishment Expenses	616	(17)	-3%	190
Insurance	368	27	8%	8
Professional Fees & Services	1,465	138	10%	314
Democratic Representation	93	(4)	-4%	-
Agency Services	82	9	12%	-
Other Costs & Services	**2,624**	**153**	**6%**	**511**
Ill Health Pension costs	**1,443**	**52**	**4%**	**-**
Lease & Interest Charges	1,029	(65)	-6%	25
Asset management revenue account	2	2	++	-
Financing Items	**1,031**	**(63)**	**-6%**	**25**
Operational income	(2,651)	(55)	2%	0
Contributions to/ (from) General Balances	(3,390)	-	0%	-
Total Net Financing Requirement	**42,038**	**(979)**	**-2%**	**2,049**
Revenue Support Grant	(10,782)	(3)	0%	-
National Non-Domestic Rates	(10,325)	(6)	0%	-
Council Tax Collection Account	(572)	46	0%	-
Council Tax	(27,303)	(0)	-2%	-
Total Funding	**(48,982)**	**38**	**0%**	**-**

ON-CALL FIREFIGHTER NUMBERS

Station	Actual Nov 2016	Sum of Movement	Joiners	Leavers	Transfers	Year to date movement *Incr/(Decr)*
Billericay	13.0	(1.0)	0.0	(1.0)		(1.0)
Braintree	20.0	(3.0)	0.0	(3.0)		(3.0)
Brentwood	15.0	1.0	2.0	(1.0)	0.0	1.0
Brightlingsea	12.0	1.0	1.0	0.0		1.0
Burnham	9.0	(4.0)	0.0	(4.0)		(4.0)
Canvey Island	17.0	(1.0)	0.0	(1.0)		(1.0)
Coggeshall	12.0	2.0	1.0	0.0	1.0	2.0
Corringham	12.0	0.0	2.0	(1.0)	(1.0)	0.0
Dovercourt	12.0	0.0	0.0	0.0		0.0
Dunmow	16.0	0.0	4.0	(3.0)	(1.0)	0.0
Epping	14.0	(1.0)	0.0	(2.0)	1.0	(1.0)
Frinton	16.0	(1.0)	0.0	(1.0)		(1.0)
Halstead	21.0	0.0	2.0	(2.0)		0.0
Hawkwell	14.0	0.0	1.0	(1.0)		0.0
Ingatestone	12.0	2.0	2.0	0.0		2.0
Leaden Roding	7.0	0.0	0.0	0.0		0.0
Maldon	20.0	(1.0)	0.0	(2.0)	1.0	(1.0)
Manningtree	14.0	0.0	2.0	(2.0)		0.0
Newport	10.0	0.0	0.0	0.0		0.0
Old Harlow	13.0	(1.0)	0.0	(1.0)		(1.0)
Ongar	7.0	1.0	2.0	0.0	(1.0)	1.0
Rochford	11.0	1.0	3.0	(2.0)		1.0
Saffron Walden	21.0	(1.0)	1.0	(2.0)		(1.0)
Shoeburyness	10.0	(2.0)	0.0	(2.0)		(2.0)
Sible Hedingham	8.0	0.0	0.0	0.0		0.0
Stansted	14.0	0.0	3.0	(3.0)		0.0
Thaxted	8.0	0.0	0.0	0.0		0.0
Tillingham	10.0	(1.0)	1.0	(2.0)		(1.0)
Tiptree	13.0	1.0	1.0	0.0		1.0
Tollesbury	11.0	0.0	1.0	(1.0)		0.0
Weeley	15.0	1.0	2.0	(1.0)		1.0
West Mersea	12.0	1.0	1.0	0.0		1.0
Wethersfield	9.0	0.0	0.0	0.0		0.0
Wickford	12.0	1.0	1.0	0.0		1.0
Witham	21.0	(1.0)	2.0	(3.0)		(1.0)
Wivenhoe	13.0	2.0	2.0	0.0		2.0
Grand Total	**474.0**	**(4.0)**	**37.0**	**(41.0)**	**0.0**	(4.0)

CROSS BORDER CHARGES

For periods when invoices are not received we include in our accounts accruals for charges based on the most recent invoice.

Authority	Last Invoice	Last Period Charged For	Basis	Attendances to Essex	Attendances from Essex	Net	Charge	Annual Cost
London	Sep-16	2015/16	Actual	257	61	196	£295	£57,820
Hertfordshire	Sep-16	2015/16	3 Yr Average	137	24	113	£312	£35,256
Suffolk	Apr-13	2012/13	3 Yr Average	88	64	25	£292	£7,203
Total						**334**		**£100,279**