

ESSEX FIRE AUTHORITY BUDGET 2017/2018

Table of Contents

REPORT BY THE TREASURER OF THE FIRE AUTHORITY	1-5
REVENUE BUDGET	6-8
SERVICE REPORTING CODE OF PRACTICE	9
CAPITAL PROGRAMME	10

REPORT BY THE TREASURER TO THE FIRE AUTHORITY

KEY FEATURES OF THE 2017/18 BUDGET

The revenue budget requirement of **£70.128m** is a decrease of £1.176m against the 2016/17 budget of £71.304m.

The budget for capital expenditure has been set at **£11.890m**.

The planned General Reserve as at 31 March 2018 is **£6.859m**.

THE REVENUE BUDGET - BACKGROUND

Employment costs equate to over 70% of the Authority's total revenue budget, with the number of firefighters employed the most significant element. The budget reflects a continued standstill in terms of recruitment with a reduction in firefighter roles as staff retire. This budget reflects some changes in the management of stations but does not anticipate the outcome of the rank to role work to be carried out in early 2017. The main costs for on-call firefighters are for their utilisation, rather than headcount. The on-call pay budget reflects the actual levels of activity over the last 12 months and makes no allowance for any abnormal activity levels such as flooding, prolonged summer drought or strikes. An earmarked reserve exists should significant unforeseen activity be undertaken. The budget for control staff reflects resources to cover vacancies, maternity leave and training so that we are able to maintain full staffing. The average number of staff budgeted for reflects the current staffing position following the successful implementation of the new mobilising system at Kelvedon park. For support staff the high turnover rate for some groups, and the uncertainty over the timescale for collaboration across enabling functions with Essex Police means that £0.5m of future savings reflected in the medium term financial plans have not been included in the budget for 2017/18. This is

because, although these savings are expected from future collaboration and integration activities, the timing of their delivery falls outside of the direct control of service managers. In addition, the balance between permanent roles in contrast to temporary and agency staff has been explicitly reflected in the budget to reflect the current vacancy levels.

Staff Budget	2016/17	Changes	2017/18
Wholetime Firefighters	695	(75)	620
On call Firefighters	519	-	519
Control Staff	33	-	33
Support Staff - Employees	279	(39)	240
Support Staff - Temporary & Agency	-	36	36
Total	1,526	(78)	1,448

For non-staffing costs the budget is derived from the outturn expenditure for 2016/17 "normalised" to exclude the impact of any non-recurring expenditure. This base figure has then been adjusted for efficiency gains and to reflect the impact of specific changes planned for the next year. Overall the budget has in effect been cash limited to the 2016/17 level.

INFLATION

Some specific allowances are included within the budget bids for expected inflationary increases in business rates, utilities and fuel and for higher supplier prices for property related costs. Budget holders have absorbed other inflationary pressures.

CHANGE IN THE REVENUE BUDGET REQUIREMENT

The table below summarises the changes in the revenue budget requirement between 2016/17 and 2017/18. The budget reflects the key decisions made by the Authority. The budget supports the Corporate Strategy and departmental budgets reflect their activities in support of the overall strategy.

	£000
2016/17 budget requirement	71,304
Reduction in firefighter posts	(2,114)
Increase in on call firefighters	736
Pension deficit - early payment	571
Employers' National Insurance & Apprenticeship Levy	300
Community safety activities	400
Efficiency savings	<u>(1,069)</u>
2017/18 budget requirement	<u><u>70,128</u></u>

FINANCING THE BUDGET

The budget requirement is financed as follows:

	£000	%
Revenue budget requirement	70,128	
Financed by :		
Revenue support grant	11,033	15.7
National non-domestic rates	15,427	22.0
Council tax	42,822	61.1
Collection fund surplus	846	1.2
	<u><u>70,128</u></u>	<u><u>100.0</u></u>

PRECEPT AND IMPLICATIONS FOR COUNCIL TAX

The table below sets out the calculations of the proposed council tax and shows the changes from the 2016/17 budget.

	2016/17 £000	2017/18 £000	Change £000	Change %
Budget Requirement	71,304	70,128	(1,176)	-1.6
Sources of Finance				
Revenue Support Grant	14,230	11,033	(3,197)	-22.5
National Non-Domestic Rates	14,970	15,427	457	3.0
Total Grant	29,200	26,460	(2,740)	-9.4
Collection Fund Deficit	880	846	(34)	-3.7
Precept Requirement	41,224	42,822	1,598	3.9
Tax Base	609,102	620,340	11,238	1.8
Council Tax (Band D)	£67.68	£69.03	£1.35	2.0

The main changes are the reduction in revenue support grant, offset by an increased taxbase and an increase in the precept.

The Council Tax, which is levied on domestic property, consists of a county, police, fire, district/borough and, where appropriate, parish element. The tax is set at one of eight bands, depending upon the value of the property.

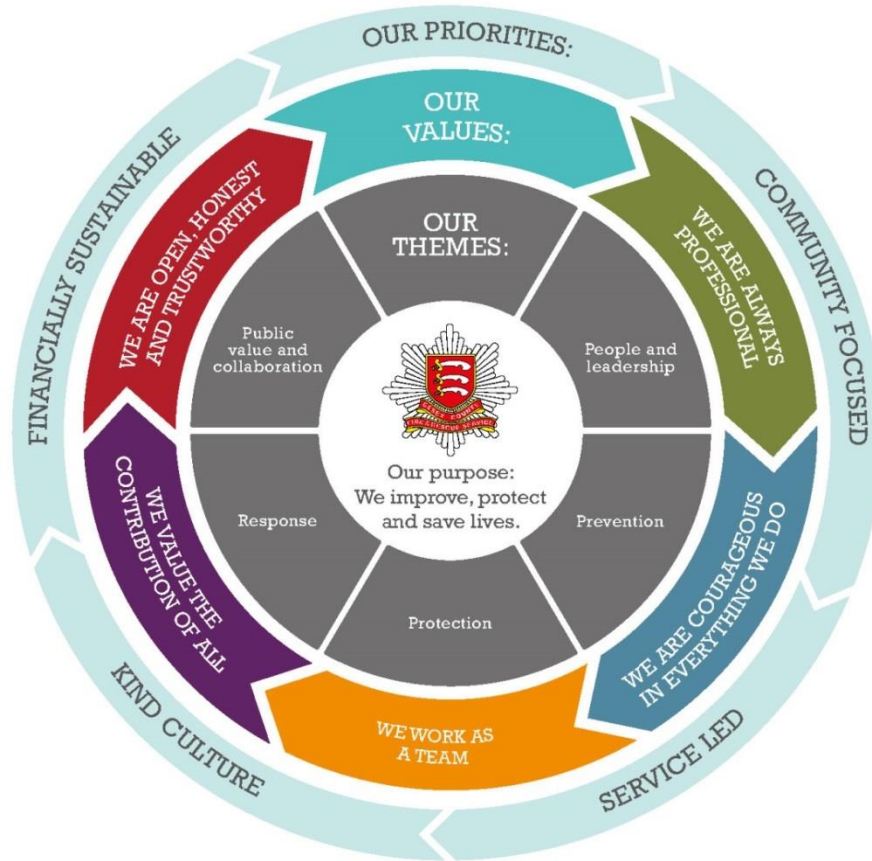
The Band D Council Tax required to fund the Authority's 2017/18 precept requirement of **£70.128m** is **£69.03**.

The Council Tax bands for 2017/18 are set out below:

Band	Valuation Band	£
A	Up to £40,000	£46.02
B	£40,001 to £52,000	£53.69
C	£52,001 to £68,000	£61.36
D	£68,001 to £88,000	£69.03
E	£88,001 to £120,000	£84.37
F	£120,001 to £160,000	£99.71
G	£160,001 to £320,000	£115.05
H	More than £320,000	£138.06

SERVICE REPORTING CODE OF PRACTICE

Page 9 sets out the Authority's budget in the standard form required by the Service Reporting Code of Practice. This analysis is not consistent with the Authority's internal management structure as set out in the detailed estimates and therefore apportionments have been made to enable these figures to be produced. One of the key aims of the Code is to enable comparisons to be made between Fire Authorities.



We are open, honest and trustworthy

We respect and honour all we do for the Service and our colleagues, being transparent and consistent in our communications and throughout our work.

We are courageous in everything we do

Having the confidence to always own our part, not be a by-stander in order to progress and learn from our experiences. **#JustOwnIt**

We work as one team

All in it together to deliver a safer Service and a safer Essex. **What part do you play?**

We are always professional

We proudly stay ahead of the game by embracing training and development, continually learning, while delivering professional standards to efficiently serve our community.

We value the contribution of all

We create an inclusive and non-judgemental environment that respects people as individuals and embraces diversity.

We value everyone equally, create opportunities and celebrate our successes.

THE CAPITAL BUDGET

THE CAPITAL PROGRAMME

The Authority has set a budget of **£11.890m** for capital payments in 2017/18. The programme for 2017/18 is set out on page 10. This budget book also gives details of draft programmes for the following three years. The forecast programmes are provided in order that advance design work may be carried out in good time and also to ensure that the longer lead times for the purchase of appliances can be planned for in the medium term.

As part of the budget process, the Authority will review the uncommitted elements of these future programmes before a decision is taken to commit resources to them. The budget figures for the 2018/19, 2019/20 and 2020/21 programmes are **£9.319m**, **£8.281m** and **£4.281m**. Future programmes that do not have an agreed outline business case are excluded from the forward plans.

CAPITAL FINANCING

It is planned to finance the Authority's capital programme by internal resources from the accounting provisions for capital expenditure in earlier years and the opening cash balance. The interest cost of loans used to finance capital expenditure is included within the revenue budget.

CONTACT POINTS

If you would like further information please contact the Finance Director & Treasurer to the Fire Authority, at

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REVENUE BUDGET SUMMARY

2015/2016		2016/2017		2017/2018
Actual		Original Budget	Updated Budget	Estimate
£000		£000	£000	£000
33,076	Firefighters	31,847	30,963	28,849
5,515	On call firefighters	5,522	5,349	6,086
1,282	Control staff	1,345	1,364	1,382
11,194	Support staff	11,477	12,381	13,209
51,067	Total Employment costs	50,190	50,058	49,526
2,930	Support costs	1,717	5,005	1,854
10,182	Premises & equipment	10,514	10,529	10,474
4,241	Other costs & services	3,516	3,736	3,710
2,102	Firefighters' ill-health pension costs	2,097	2,097	2,118
6,158	Financing items	7,192	3,773	6,227
(4,959)	Operational income	(3,922)	(3,894)	(3,781)
20,655	Total Other costs	21,114	21,246	20,602
71,721	Total Budget	71,304	71,304	70,128
	Funding			
(16,303)	Revenue support grant	(14,230)	(14,230)	(11,033)
(15,053)	National non domestic rates	(15,298)	(15,298)	(15,427)
(39,478)	Council tax	(41,224)	(41,224)	(42,822)
(863)	Collection fund (surplus)/deficit	(880)	(880)	(846)
(23)	NDR surplus/deficit	327	327	-
(71,721)	Total Funding	(71,304)	(71,304)	(70,128)

DETAILED ESTIMATES

2015/2016 Actual £000		2016/2017		2017/2018
		Original Budget £000	Updated Budget £000	Estimate £000
	Employment costs			
33,076	Firefighters	31,847	30,963	28,849
5,515	On call firefighters	5,522	5,349	6,086
1,282	Control staff	1,345	1,364	1,382
11,194	Support staff	11,477	12,381	13,209
51,067	Total Employment costs	50,190	50,058	49,526
	Support costs			
550	Training	480	668	574
1,813	Other employee costs	556	3,656	676
567	Travel & subsistence	681	681	604
2,930	Total Support costs	1,717	5,005	1,854
	Premises & equipment			
2,008	Property maintenance	2,143	2,158	2,158
581	Utilities	590	590	590
1,560	Rent & rates	1,389	1,389	1,382
1,390	Equipment & supplies	1,448	1,448	1,475
1,400	Communications	1,409	1,409	1,409
2,333	Information systems	2,604	2,604	2,524
909	Transport	931	931	936
10,182	Total Premises & equipment	10,514	10,529	10,474

DETAILED ESTIMATES (cont.)

2015/2016 Actual £000		2016/2017		2017/2018
		Original Budget £000	Updated Budget £000	Estimate £000
	Other costs & services			
1,259	Establishment expenses	960	1,010	1,106
564	Risk Protection	512	512	570
2,146	Professional fees	1,788	1,958	1,739
140	Democratic representation	145	145	145
132	Agency services	110	110	150
4,241	Total Other costs & services	3,516	3,736	3,710
2,102	Firefighters' ill-health pension costs	2,097	2,097	2,118
	Financing items			
1,728	Lease & interest charges	1,641	1,641	1,552
(1,410)	Other financing items	-	-	-
3,610	Statutory Provision for Capital Financing	5,944	5,944	4,608
2,230	Contribution to/(from) General Balance	(393)	(3,812)	67
6,158	Total Financing items	7,192	3,773	6,227
(4,959)	Operational income	(3,922)	(3,894)	(3,781)
71,721	Total Net Financing Requirement	71,304	71,304	70,128
	Funding			
(16,303)	Revenue support grant	(14,230)	(14,230)	(11,033)
(15,053)	National non domestic rates	(15,298)	(15,298)	(15,427)
(39,478)	Council tax	(41,224)	(41,224)	(42,822)
(863)	Collection fund (surplus)/deficit	(880)	(880)	(846)
(23)	NDR surplus/deficit	327	327	-
(71,721)	Total Funding	(71,304)	(71,304)	(70,128)

SERVICE REPORTING CODE OF PRACTICE

2015/2016		2016/2017		2017/2018	
Actual		Updated	Gross	Income	Net
£000		Budget	Expenditure		Expenditure
		£000	£000	£000	£000
	Community safety				
5,278	Statutory inspection, certification and enforcement	5,581	4,960	(185)	4,775
8,271	Prevention and education	8,264	9,039	(637)	8,402
	Fire fighting and rescue operations				
42,857	Operational responses	45,130	44,218	(1,827)	42,391
5,963	Communications and mobilising	6,311	6,476	(292)	6,184
744	Securing water supplies	759	822	(104)	718
670	Fire Service Emergency Planning and Civil Defence	732	1,319	(657)	662
	Corporate and Democratic Core				
1,109	Democratic representation and management	1,067	1,035	(13)	1,022
66	Corporate Management	68	63	(1)	62
3,549	Non distributed costs	-	-	-	-
68,507	Net cost of services	67,912	67,932	(3,716)	64,216
	Other items excluded from net cost of service				
(98)	Interest and investment income	(65)	-	(65)	(65)
3,610	Provision for capital financing	5,944	4,608	-	4,608
510	Pension interest & reserve movements	-	-	-	-
1,492	Interest payable	1,325	1,302	-	1,302
(3,256)	Reversal of depreciation charge	-	-	-	-
793	Contribution to/(from) General Balance	(3,812)	67	-	67
163	Transfer to Holiday Pay Account	-	-	-	-
71,721	Total Net Expenditure for Council Tax	71,304	73,909	(3,781)	70,128

CAPITAL PROGRAMME

Capital programme	Capital budget			
	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000
Property				
Asset Protection	2,500	2,000	2,000	2,000
Service Workshops	3,500	3,000	4,000	2,000
Equipment	605	288	10	-
Information Technology				
Projects > £250k	2,100	400	-	-
Projects < £250k	300	100	100	-
Vehicles				
Appliances	2,060	2,060	1,854	-
Other vehicles	825	1,471	317	281
Total	11,890	9,319	8,281	4,281