

# ESSEX FIRE AUTHORITY BUDGET 2015/2016

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## REPORT BY THE TREASURER TO THE FIRE AUTHORITY

### KEY FEATURES OF THE 2015/16 BUDGET

The revenue budget requirement of **£71.827m** is a decrease of £1.444m against the 2014/15 budget of £73.271m.

The budget for capital expenditure has been set at **£8.175m**.

The planned General Reserve as at 31 March 2016 is **£2.574m**.

### 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 the decision made in May 2014 to change the crewing arrangements following the removal of rescue tenders, with the final two fire stations expected to change in June 2015. The total number of officer posts reflects the requirements for command and control of incidents based on current planning scenarios. 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 (34) for reflects a saving of 10 posts from the implementation of the new mobilising system at Kelvedon Park in early 2015. The support staff budget is derived from a review of the organisational departmental structure with the use of managed vacancies.

Staff Budget	2014/15	Changes	2015/16
Wholetime Firefighters	815	(82)	733
Retained Firefighters	514	-	514
Control Staff	44	(10)	34
Support Staff	267	(5)	262
<b>Total</b>	<b>1,640</b>	<b>(97)</b>	<b>1,543</b>

For non-staffing costs the budget has been based on the outturn expenditure for 2014/15 "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.

#### *On-going changes from 2014/15*

	£000	%
2014/15 budget requirement	73,271	
Inflation	755	1.0
Committed changes arising from 2013/14	(2,199)	(3.0)
2015/16 budget requirement	<u>71,827</u>	<u>(2.0)</u>

## INFLATION

Some specific allowances have been made within the budget bids for expected inflationary increases in business rates, utilities and fuel and for higher supplier prices for property related costs. Other inflationary pressures have been absorbed by budget holders.

## CHANGE IN THE REVENUE BUDGET REQUIREMENT

The table below summarises the changes in the revenue budget requirement between 2014/15 and 2015/16. The budget reflects the achievement during 2013/14 of £1,274k efficiency savings identified with departments during budget prioritisation work.

*Committed changes arising from 2013/14*

	£000
Support staff pay award	195
Provision for capital financing	(956)
Lease and interest charges	(164)
Efficiency savings	<u>(1,274)</u>
	<u><u>(2,199)</u></u>

## FINANCING THE BUDGET

The budget requirement is financed as follows:

	£000	%
Revenue budget requirement	71,827	
Financed by :		
Revenue support grant	16,303	22.7
National non-domestic rates	14,993	20.9
Council tax	39,758	55.4
Collection fund surplus	773	1
	<u>71,827</u>	<u>100.0</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 2014/15 budget.

	2014/15	2015/16	Change	Change
	£000	£000	£000	%
<b>Budget Requirement</b>	73,271	71,827	(1,444)	-2.0
<b>Sources of Finance</b>				
Revenue Support Grant	19,138	16,303	(2,835)	-14.8
National Non-Domestic Rates	14,712	14,993	281	1.9
<b>Total Grant</b>	<b>33,850</b>	<b>31,296</b>	<b>(2,554)</b>	<b>-7.5</b>
<b>Collection Fund Deficit</b>	<b>466</b>	<b>773</b>	<b>307</b>	<b>65.9</b>
<b>Precept Requirement</b>	<b>38,954</b>	<b>39,758</b>	<b>804</b>	<b>2.1</b>
<b>Tax Base</b>	<b>586,481</b>	<b>598,581</b>	<b>12,100</b>	<b>2.1</b>
<b>Council Tax (Band D)</b>	<b>66.42</b>	<b>66.42</b>	<b>-</b>	<b>-</b>

The main changes are the lower levels of government funding.

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 2015/16 precept requirement of **£71.827m** is **£66.42**.

The Council Tax bands for 2015/16 are set out below:

Band	Valuation Band	£
A	Up to £40,000	£44.28
B	£40,001 to £52,000	£51.66
C	£52,001 to £68,000	£59.04
<b>D</b>	<b>£68,001 to £88,000</b>	<b>£66.42</b>
E	£88,001 to £120,000	£81.18
F	£120,001 to £160,000	£95.94
G	£160,001 to £320,000	£110.70
H	More than £320,000	£132.84

## 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.

# Service Strategy 2014/15 to 2018/19



## OUR PURPOSE:

As a fire and rescue service, we are here to protect and save life, property and the environment.

## WHAT HAVE WE ACHIEVED SO FAR?

Since 2004 the focus of the fire and rescue service has been to reduce risk through a strategy based on prevention and protection, with our response to incidents seen as a last resort. This approach has been successful with a 50% reduction in overall incidents attended in the past 10 years.

During this period we have seen the growth of some risks, notably flooding and there remains the possibility that other emergencies may occur that need our specialist response.

Through work such as the fire cover review, ICT transformation programme and the workforce transformation programme we have already made some progress in modernising our ways of working. This strategy will ensure that, against the context of an increased pace of change, we make even better use of our resources to continue delivering an excellent service whilst achieving lasting culture change.

## WHERE DO WE WANT TO BE?

Essex is safer, we have reduced the risk to life, property and the environment in our communities and the need for our emergency response service. We will have maintained our ability to respond to all foreseeable risks in an efficient and effective way. We have an engaged and satisfied workforce who are highly skilled and well led.

## HOW WILL WE ACHIEVE THIS?

The Service strategy is underpinned by the Service values of:

- Openness
- Accountability
- Involvement
- Respect

The Service will get where it wants to be by delivering the following Service objectives in line with these values.

## SERVICE OBJECTIVES:

1. We will identify the risks to our communities and work in partnership with them to manage the risk, to reduce its likelihood or its impact on our communities.

### Success Measures:

- Reduction in the number of incidents attended.
- Reduction in the rate of accidental dwelling fires per 100,000 dwellings.
- Reduction in the number of people killed or seriously injured in road traffic collisions.
- Reduction in the average Essex workplace premises risk score.
- Reduction in the average Essex leisure premises risk score.
- Reduction in the number of people killed or seriously injured in fires.

2. We will provide a resilient, timely, safe and effective response when risks become incidents.

### Success Measures:

- Achieve a timely response to incidents.
- Reduce the rate of accidents per 100,000 employees.
- Increase public satisfaction with the way in which we respond to incidents.

3. We will use our resources flexibly, efficiently and effectively, reducing the cost of the Service to match the funding available.

### Success Measures:

- Achieve appliance availability targets.
- Reduction in cost per hour of appliance availability.
- Reduction in projects running over timescale.
- Reduction in projects running over cost.

4. We will ensure our people are involved, engaged and empowered to deliver excellence.

### Success Measures:

- Improved staff satisfaction.
- Increase percentage of employees who are satisfied with the training they receive to do their role.
- Reduce the number of days/shifts lost per person to sickness absence.
- Increase the percentage of staff who received an appraisal in the past 12 months.

5. We will use our assets to support sustainable communities and promote wellbeing.

### Success Measures:

- Reduce our carbon footprint.
- Increase public recognition for the work we undertake.

6. Our leaders will demonstrate trust and honesty, listening to others to support an open and inclusive culture.

### Success Measures:

- Improved satisfaction with leadership within the Service.

## THE CAPITAL BUDGET

### THE CAPITAL PROGRAMME

The Authority has set a budget of **£8.175m** for capital payments in 2015/16. The programme for 2015/16 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 2016/17, 2017/18 and 2018/19 programmes are **£5.721m**, **£4.343m** and **£0.775m**. 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

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## REVENUE BUDGET SUMMARY

2013/2014 Actual £000		2014/2015		2015/2016
		Original Budget £000	Updated Budget £000	Estimate £000
35,833	Firefighters	36,888	36,248	33,311
4,901	Firefighters - retained duty system	5,096	5,736	5,208
1,654	Control staff	1,653	1,653	1,401
10,587	Support staff	11,129	11,129	10,433
<b>52,976</b>	<b>Total Employment costs</b>	<b>54,766</b>	<b>54,766</b>	<b>50,353</b>
2,090	Support costs	2,182	2,182	1,993
10,854	Premises & equipment	10,154	10,154	10,150
2,682	Other costs & services	3,524	3,524	3,354
1,937	Firefighters' ill-health pension costs	201	201	2,000
8,919	Financing items	6,531	6,531	8,092
(4,909)	Operational income	(4,087)	(4,087)	(4,116)
<b>21,572</b>	<b>Total Other costs</b>	<b>18,505</b>	<b>18,505</b>	<b>21,473</b>
<b>74,548</b>	<b>Total Budget</b>	<b>73,271</b>	<b>73,271</b>	<b>71,827</b>
	<b>Funding</b>			
(21,692)	Revenue support grant	(19,138)	(19,138)	(16,303)
(14,410)	National non domestic rates	(14,712)	(14,712)	(14,993)
(38,233)	Council tax	(38,954)	(38,954)	(39,758)
(213)	Collection fund (surplus)/deficit	(466)	(466)	(773)
<b>(74,548)</b>	<b>Total Funding</b>	<b>(73,271)</b>	<b>(73,271)</b>	<b>(71,827)</b>

## DETAILED ESTIMATES

2013/2014 Actual £000		2014/2015		2015/2016
		Original Budget £000	Updated Budget £000	Estimate £000
	<b>Employment costs</b>			
35,833	Firefighters	36,888	36,248	33,311
4,901	Firefighters - retained duty system	5,096	5,736	5,208
1,654	Control staff	1,653	1,653	1,401
10,587	Support staff	11,129	11,129	10,433
<b>52,976</b>	<b>Total Employment costs</b>	<b>54,766</b>	<b>54,766</b>	<b>50,353</b>
	<b>Support costs</b>			
468	Training	749	749	480
834	Other employee costs	738	738	777
789	Travel & subsistence	695	695	736
<b>2,090</b>	<b>Total Support costs</b>	<b>2,182</b>	<b>2,182</b>	<b>1,993</b>
	<b>Premises &amp; equipment</b>			
2,315	Property maintenance	2,332	2,332	2,288
634	Utilities	546	546	476
1,400	Rent & rates	1,365	1,365	1,438
1,507	Equipment & supplies	1,453	1,453	1,434
1,482	Communications	1,426	1,426	1,269
2,451	Information systems	2,025	2,025	2,205
1,065	Transport	1,006	1,006	1,041
<b>10,854</b>	<b>Total Premises &amp; equipment</b>	<b>10,154</b>	<b>10,154</b>	<b>10,150</b>



## DETAILED ESTIMATES (cont.)

2013/2014 Actual £000		2014/2015		2015/2016
		Original Budget £000	Updated Budget £000	Estimate £000
	<b>Other costs &amp; services</b>			
934	Establishment expenses	1,203	1,203	1,210
473	Insurance	547	547	511
1,081	Professional fees	1,534	1,534	1,377
139	Democratic representation	155	155	155
55	Agency services	86	86	102
<b>2,682</b>	<b>Total Other costs &amp; services</b>	<b>3,524</b>	<b>3,524</b>	<b>3,354</b>
<b>1,937</b>	<b>Firefighters' ill-health pension costs</b>	<b>201</b>	<b>201</b>	<b>2,000</b>
	<b>Financing items</b>			
2,669	Lease & interest charges	1,971	1,971	1,807
(671)	Other financing items	-	-	-
9,136	Statutory Provision for Capital Financing	6,675	6,675	5,779
0	Voluntary Provision for Capital Financing	60	60	-
(2,216)	Contribution to/(from) General Balance	(2,175)	(2,175)	506
<b>8,919</b>	<b>Total Financing items</b>	<b>6,531</b>	<b>6,531</b>	<b>8,092</b>
(4,909)	Operational income	(4,087)	(4,087)	(4,116)
<b>74,548</b>	<b>Total Net Financing Requirement</b>	<b>73,271</b>	<b>73,271</b>	<b>71,827</b>
	<b>Funding</b>			
(21,692)	Revenue support grant	(19,138)	(19,138)	(16,303)
(14,410)	National non domestic rates	(14,712)	(14,712)	(14,993)
(38,233)	Council tax	(38,954)	(38,954)	(39,758)
(213)	Collection fund (surplus)/deficit	(466)	(466)	(773)
<b>(74,548)</b>	<b>Total Funding</b>	<b>(73,271)</b>	<b>(73,271)</b>	<b>(71,827)</b>

## SERVICE REPORTING CODE OF PRACTICE

2013/2014		2014/2015		2015/2016	
Actual		Updated	Gross	Income	Net
£000		Budget	Expenditure		Expenditure
		£000	£000	£000	£000
	<b>Community safety</b>				
5,597	Statutory inspection, certification and enforcement	5,420	5,641	(222)	5,419
8,163	Prevention and education	9,490	9,744	(608)	9,136
	<b>Fire fighting and rescue operations</b>				
45,192	Operational responses	42,755	42,217	(1,884)	40,333
7,322	Communications and mobilising	7,288	7,488	(518)	6,970
771	Securing water supplies	767	826	(112)	714
608	<b>Fire Service Emergency Planning and Civil Defence</b>	661	1,332	(640)	692
	<b>Corporate and Democratic Core</b>				
686	Democratic representation and management	722	850	(12)	838
70	Corporate Management	97	68	-	68
17	Non distributed costs	-	-	-	-
68,426	<b>Net cost of services</b>	<b>67,200</b>	<b>68,166</b>	<b>(3,996)</b>	<b>64,170</b>
	<b>Other items excluded from net cost of service</b>				
(117)	Interest and investment income	(144)	-	(120)	(120)
9,136	Provision for repayment of external loans	6,735	5,779	-	5,779
2,013	Pension interest & reserve movements	-	-	-	-
1,764	Interest payable	1,655	1,492	-	1,492
(4,362)	Reversal of depreciation charge	-	-	-	-
(2,216)	Contribution to/(from) General Balance	(2,175)	-	506	506
(96)	Transfer to Holiday Pay Account	-	-	-	-
74,548	<b>Total Net Expenditure for Council Tax</b>	<b>73,271</b>	<b>75,438</b>	<b>(3,610)</b>	<b>71,827</b>

## CAPITAL PROGRAMME

Capital programme	Capital budget			
	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000
<b>Property</b>				
Asset Protection	2,170	2,000	2,000	-
<b>Equipment</b>	736	1,066	25	-
<b>Information Technology</b>				
Projects > £250k	1,300	-	-	-
Projects < £250k	200	150	150	-
<b>Vehicles</b>				
Appliances (Pumping)	3,161	1,940	1,940	-
Other vehicles	608	565	228	775
<b>Total</b>	<b>8,175</b>	<b>5,721</b>	<b>4,343</b>	<b>775</b>