

# ESSEX FIRE AUTHORITY BUDGET 2016/2017

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## REPORT BY THE TREASURER TO THE FIRE AUTHORITY

### KEY FEATURES OF THE 2016/17 BUDGET

The revenue budget requirement of **£71.304m** is a decrease of £523k against the 2015/16 budget of £71.827m.

The budget for capital expenditure has been set at **£7.823m**.

The planned General Reserve as at 31 March 2017 is **£3.983m**.

### 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. This budget will need to be revised when the Authority determines in June 2016 what changes from the 2020 Programme will be implemented. The total number of officer posts reflects the current requirements for command and control of incidents and makes no allowance for changes that may be brought forward as part of the Management Review. The main costs for retained firefighters is for their utilisation, rather than headcount. The retained 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. The budget for control staff reflects resources to cover vacancies, maternity leave and training so that we are able to maintain full staffing. For support staff the budget reflects the present structure and makes no adjustment for the Management Review.

<b>Staff Budget</b>	<b>2015/16</b>	<b>Changes</b>	<b>2016/17</b>
Wholetime Firefighters	733	(38)	695
Retained Firefighters	514	5	519
Control Staff	34	(1)	33
Support Staff	282	(3)	279
<b>Total</b>	<b>1,563</b>	<b>(37)</b>	<b>1,526</b>

For non-staffing costs the budget has been based on the outturn expenditure for 2015/16 "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*

	<b>£000</b>	<b>%</b>
2015/16 budget requirement	<b>71,827</b>	
Inflation	<b>500</b>	<b>0.7</b>
Committed changes arising from 2015/16	<b>(1,023)</b>	<b>(1.4)</b>
2016/17 budget requirement	<b>71,304</b>	<b>(0.7)</b>

## 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 2015/16 and 2016/17. The budget reflects the achievement during 2015/16 of £851k efficiency savings identified with departments during budget prioritisation work.

*Committed changes arising from 2015/16*

	£000
Reduction in firefighter posts	(1,444)
Higher costs for employers' National Insurance	820
Contribution from Reserves	745
Provision for capital financing	(126)
Lease and interest charges	(167)
Efficiency savings	(851)
	<u>(1,023)</u>

## FINANCING THE BUDGET

The budget requirement is financed as follows:

	£000	%
Revenue budget requirement	71,304	
Financed by :		
Revenue support grant	14,230	20.0
National non-domestic rates	14,970	21.0
Council tax	41,224	57.8
Collection fund surplus	880	1.2
	<u>71,304</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 2015/16 budget.

	2015/16 £000	2016/17 £000	Change £000	Change %
<b>Budget Requirement</b>	<b>71,827</b>	<b>71,304</b>	<b>(523)</b>	<b>-0.7</b>
<b>Sources of Finance</b>				
Revenue Support Grant	16,303	14,230	(2,073)	-12.7
National Non-Domestic Rates	14,993	14,970	(23)	-0.2
<b>Total Grant</b>	<b>31,296</b>	<b>29,200</b>	<b>(2,096)</b>	<b>-6.7</b>
<b>Collection Fund Deficit</b>	<b>773</b>	<b>880</b>	<b>106</b>	<b>13.7</b>
<b>Precept Requirement</b>	<b>39,758</b>	<b>41,224</b>	<b>1,466</b>	<b>3.7</b>
<b>Tax Base</b>	<b>598,581</b>	<b>609,102</b>	<b>10,521</b>	<b>1.8</b>
<b>Council Tax (Band D)</b>	<b>£66.42</b>	<b>£67.68</b>	<b>£1.26</b>	<b>1.9</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 2016/17 precept requirement of **£41.224m** is **£67.68**.

The Council Tax bands for 2016/17 are set out below:

Band	Valuation Band	£
A	Up to £40,000	£45.12
B	£40,001 to £52,000	£52.64
C	£52,001 to £68,000	£60.16
<b>D</b>	<b>£68,001 to £88,000</b>	<b>£67.68</b>
E	£88,001 to £120,000	£82.72
F	£120,001 to £160,000	£97.76
G	£160,001 to £320,000	£112.80
H	More than £320,000	£135.36

## 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 **£7.823m** for capital payments in 2016/17. The programme for 2016/17 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 2017/18, 2018/19 and 2019/20 programmes are **£4.465m**, **£5.663m** and **£4.412m**. 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

2014/2015 Actual £000		2015/2016		2016/2017
		Original Budget £000	Updated Budget £000	Estimate £000
34,729	Firefighters	33,311	32,817	31,847
6,183	Firefighters - retained duty system	5,208	5,208	5,522
1,673	Control staff	1,401	1,401	1,345
11,295	Support staff	10,433	11,386	11,477
<b>53,880</b>	<b>Total Employment costs</b>	<b>50,353</b>	<b>50,811</b>	<b>50,190</b>
1,911	Support costs	1,993	1,997	1,717
10,603	Premises & equipment	10,151	10,311	10,514
3,329	Other costs & services	3,354	3,945	3,516
2,077	Firefighters' ill-health pension costs	2,000	2,000	2,097
5,939	Financing items	8,093	7,187	7,192
(5,044)	Operational income	(4,116)	(4,424)	(3,922)
<b>18,815</b>	<b>Total Other costs</b>	<b>21,474</b>	<b>21,016</b>	<b>21,114</b>
<b>72,695</b>	<b>Total Budget</b>	<b>71,827</b>	<b>71,827</b>	<b>71,304</b>
	<b>Funding</b>			
(19,164)	Revenue support grant	(16,303)	(16,303)	(14,230)
(14,755)	National non domestic rates	(14,993)	(14,993)	(15,298)
(38,651)	Council tax	(39,758)	(39,758)	(41,224)
(500)	Collection fund (surplus)/deficit	(773)	(773)	(880)
376	NDR surplus/deficit	-	-	327
<b>(72,695)</b>	<b>Total Funding</b>	<b>(71,827)</b>	<b>(71,827)</b>	<b>(71,304)</b>

## DETAILED ESTIMATES

2014/2015 Actual £000		2015/2016		2016/2017
		Original Budget £000	Updated Budget £000	Estimate £000
	<b>Employment costs</b>			
34,729	Firefighters	33,311	32,817	31,847
6,183	Firefighters - retained duty system	5,208	5,208	5,522
1,673	Control staff	1,401	1,401	1,345
11,295	Support staff	10,433	11,386	11,477
<b>53,880</b>	<b>Total Employment costs</b>	<b>50,353</b>	<b>50,811</b>	<b>50,190</b>
	<b>Support costs</b>			
622	Training	480	505	480
593	Other employee costs	777	756	556
696	Travel & subsistence	736	736	681
<b>1,911</b>	<b>Total Support costs</b>	<b>1,993</b>	<b>1,997</b>	<b>1,717</b>
	<b>Premises &amp; equipment</b>			
1,992	Property maintenance	2,288	2,138	2,143
671	Utilities	476	596	590
1,496	Rent & rates	1,438	1,438	1,389
1,435	Equipment & supplies	1,434	1,434	1,448
1,487	Communications	1,269	1,400	1,409
2,443	Information systems	2,205	2,314	2,604
1,080	Transport	1,041	991	931
<b>10,603</b>	<b>Total Premises &amp; equipment</b>	<b>10,151</b>	<b>10,311</b>	<b>10,514</b>



## DETAILED ESTIMATES (cont.)

2014/2015 Actual £000		2015/2016		2016/2017
		Original Budget £000	Updated Budget £000	Estimate £000
	<b>Other costs &amp; services</b>			
1,133	Establishment expenses	1,210	1,212	960
483	Insurance	511	511	512
1,437	Professional fees	1,377	1,965	1,788
145	Democratic representation	155	155	145
131	Agency services	102	102	110
<b>3,329</b>	<b>Total Other costs &amp; services</b>	<b>3,354</b>	<b>3,945</b>	<b>3,516</b>
<b>2,077</b>	<b>Firefighters' ill-health pension costs</b>	<b>2,000</b>	<b>2,000</b>	<b>2,097</b>
	<b>Financing items</b>			
1,908	Lease & interest charges	1,808	1,808	1,641
3,499	Other financing items	-	-	-
5,639	Statutory Provision for Capital Financing	5,779	6,070	5,944
-	Voluntary Provision for Capital Financing	-	-	-
(5,107)	Contribution to/(from) General Balance	506	(691)	(393)
<b>5,939</b>	<b>Total Financing items</b>	<b>8,093</b>	<b>7,187</b>	<b>7,192</b>
(5,044)	Operational income	(4,116)	(4,424)	(3,922)
<b>72,695</b>	<b>Total Net Financing Requirement</b>	<b>71,827</b>	<b>71,827</b>	<b>71,304</b>
	<b>Funding</b>			
(19,164)	Revenue support grant	(16,303)	(16,303)	(14,230)
(14,755)	National non domestic rates	(14,993)	(14,993)	(15,298)
(38,651)	Council tax	(39,758)	(39,758)	(41,224)
(500)	Collection fund (surplus)/deficit	(773)	(773)	(880)
376	NDR surplus/deficit	-	-	327
<b>(72,695)</b>	<b>Total Funding</b>	<b>(71,827)</b>	<b>(71,827)</b>	<b>(71,304)</b>

## SERVICE REPORTING CODE OF PRACTICE

2014/2015		2015/2016		2016/2017	
Actual		Updated	Gross	Income	Net
£000		Budget	Expenditure		Expenditure
		£000	£000	£000	£000
<b>Community safety</b>					
6,273	Statutory inspection, certification and enforcement	5,317	5,546	(196)	5,350
9,298	Prevention and education	8,171	8,522	(592)	7,930
<b>Fire fighting and rescue operations</b>					
51,853	Operational responses	42,830	44,699	(1,940)	42,759
8,176	Communications and mobilising	6,261	6,363	(352)	6,011
845	Securing water supplies	728	824	(105)	719
787	<b>Fire Service Emergency Planning and Civil Defence</b>	698	1,359	(658)	701
<b>Corporate and Democratic Core</b>					
835	Democratic representation and management	1,003	968	(13)	955
82	Corporate Management	68	69	(1)	68
62	Non distributed costs	-	-	-	-
78,211	<b>Net cost of services</b>	<b>65,076</b>	<b>68,350</b>	<b>(3,857)</b>	<b>64,493</b>
<b>Other items excluded from net cost of service</b>					
(109)	Interest and investment income	(120)	-	(65)	(65)
5,639	Provision for capital financing	6,070	5,944	-	5,944
(521)	Pension interest & reserve movements	-	-	-	-
1,652	Interest payable	1,492	1,325	-	1,325
(10,886)	Reversal of depreciation charge	-	-	-	-
(1,105)	Contribution to/(from) General Balance	(691)	(393)	-	(393)
(186)	Transfer to Holiday Pay Account	-	-	-	-
<b>72,695</b>	<b>Total Net Expenditure for Council Tax</b>	<b>71,827</b>	<b>75,226</b>	<b>(3,922)</b>	<b>71,304</b>

## CAPITAL PROGRAMME

Capital programme	Capital budget			
	2016/17	2017/18	2018/19	2019/20
	£000	£000	£000	£000
<b>Property</b>				
Asset Protection	2,000	2,000	2,000	2,000
Service Workshops	1,000	-	-	-
Solar Panels	300	-	-	-
<b>Equipment</b>	592	60	92	190
<b>Information Technology</b>				
Projects > £250k	400	-	-	-
Projects < £250k	425	100	100	100
<b>Vehicles</b>				
Appliances	2,255	2,050	2,050	1,845
Other vehicles	851	255	1,421	277
<b>Total</b>	<b>7,823</b>	<b>4,465</b>	<b>5,663</b>	<b>4,412</b>