

ESSEX POLICE, FIRE AND CRIME COMMISSIONER FIRE & RESCUE AUTHORITY

Essex County Fire & Rescue Service



Meeting:	Fire & Rescue - Performance and Resources Board
Report Author:	Delusha Jeyanathan - Senior Finance Business Partner
Presented By:	Neil Cross - Chief Finance Officer
Subject:	Budget Review - May 2024
Type of Report:	Information

SUMMARY

This paper reports on expenditure against budget as at May 2024 and identifies and comments on major budget variations. The report includes key indicators that act as drivers for expenditure across the Authority.

RECOMMENDATIONS

Fire & Rescue - Performance and Resources Board is asked to:

- 1 - Note the position on income and expenditure for year to date compared to the budget.
- 2 - Note the capital expenditure spend against budget for period to May 2024.

Executive Summary - YTD

31st May 2024



Essex County
Fire & Rescue Service

Adjustment to Budget

The YTD position shows a surplus of £713k, an increase of £406k vs budget.

Pay Commentary

The budgeted pay award for both Grey & Green Book is 3%.

On-Call staff costs always relate to the prior month's activity. There have been additional Standby costs of £89k, which are to ensure the service is in line with the response model.

Wholetime Firefighters' costs is overspent by £496k due to additional unbudgeted pension costs of £436k along with £160k of ASW to cover vacancies across stations.

On-Call Firefighters' costs is overspent by £139k due to additional unbudgeted pension costs of £95k as well as £89k of standby costs.

Support Staff (Green Book) is underspent by £22k due to some department vacancies.

Ill health pension costs is overspent by £42k due to additional payments occurring during the year.

Non-Pay Commentary

Support costs is underspent by £127 from lower up take in training courses.

Other costs & services is overspent by £71k due to some additional unbudgeted consultancy which is funded by Earmarked Reserves.

Premises & equipment is underspent by £283k due to the timing of works being under taken.

Financing items is underspent by £30k due to the delay in some project costs being recognised.

Operational Income YTD is £387k, which is £44k above budget. This is mostly driven by additional Shared Services Income & Interest Received..

Executive Summary - Month

31st May 2024



Adjustment to Budget

The in-month position shows a surplus of £617k, an increase of £377k vs budget.

Pay Commentary

On-Call staff costs always relate to the prior month's activity. There have been additional Standby costs of £45k, which are to ensure the service is in line with the response model.

Wholetime Firefighters' costs is overspent by £205k due to additional unbudgeted pension costs which are being offset by additional unbudgeted grant income.

On-Call Firefighters' costs is overspent by £75k driven by £45k of additional standby payments.

Support Staff (Green Book) is overspent by £9k due to additional agency staff costs for project work.

Ill health pension costs is overspent by £101k due to additional payments occurring during the year.

Non-Pay Commentary

Where we accrued to budget for April in certain areas, the reversals have caused some additional in month variances which is increasing the overall underspend that is being shown.

Support costs is underspent by £163k.

Other costs & services is overspent by £84k due to some unbudgeted consultancy work which is funded from Earmarked Reserves.

Premises & equipment is underspent by £270k.

Financing items is underspent by £18k due to the delay in some project costs being recognised.

Operational Income for the month is £199k, which is £27k above budget. This is mostly driven by additional Shared Services Income & Investment Income.

Balance Sheet Statement and Cashflow Forecast

Total cash and investments at the end of May was £19.0m, slightly down from £19.3m in April. The Authority holds investments of £16.5m, which is £2.0m less than last month, including £8m of fixed term investments in UK government gilts. The remaining investments are in money market funds, CCLA and a Lloyds call account to maintain liquidity.

Capital

The Capital Programme is actively monitored by several groups at the Authority, including the Programme Management Board and Strategic Fleet Sub-Group. The forecast for 2024-25 is £9.6m against a budget of £8.9m.

Income & Expenditure Statement

31st May 2024



Adjustment to Budget

Description	In-month				YTD			
	Actuals (£'000s)	Budget (£'000s)	Variance (£'000s)	Variance (%)	Actuals (£'000s)	Budget (£'000s)	Variance (£) (£'000s)	Variance (%)
Wholetime Firefighters*	3,357	3,153	(205)	-6%	6,802	6,306	(496)	-7%
On-Call Firefighters*	842	767	(75)	-9%	1,691	1,552	(139)	-8%
Support Staff	1,565	1,556	(9)	-1%	3,091	3,112	22	1%
Control	149	186	38	25%	299	373	74	25%
Ill health pension costs	306	205	(101)	-33%	576	533	(42)	-7%
Total Employment Costs	6,219	5,867	(353)	-6%	12,458	11,877	(582)	-5%
Support Costs	13	176	163	1210%	227	354	127	56%
Other Costs & Services	409	325	(84)	-21%	720	649	(71)	-10%
Premises & Equipment	738	1,007	270	37%	1,757	2,040	283	16%
Financing Items	450	467	18	4%	905	935	30	3%
Total Other Costs	1,610	1,975	366	23%	3,609	3,979	370	10%
Gross Expenditure	7,829	7,842	13	0%	16,067	15,855	(212)	-1%
Operational Income	(199)	(172)	28	14%	(387)	(343)	44	11%
Government Grants	(735)	(515)	219	30%	(1,515)	(1,031)	484	32%
Revenue Support Grant	(1,155)	(1,153)	2	0%	(2,311)	(2,306)	5	0%
National Non-Domestic Rates	(1,476)	(1,493)	(17)	(1%)	(2,953)	(2,987)	(34)	(1%)
NNDR Surplus/Deficit	(18)	0	18	100%	(35)	0	35	100%
Council Tax Collection Account	(38)	(25)	13	35%	(77)	(50)	27	35%
Council Tax Precept	(4,619)	(4,617)	3	0%	(9,238)	(9,233)	5	0%
Total Funding	(8,042)	(7,803)	238	3%	(16,129)	(15,607)	522	3%
Total Income & Funding	(8,241)	(7,975)	266	3%	(16,516)	(15,950)	567	3%
Funding Gap/ (Surplus)	(412)	(133)	279	-68%	(449)	(94)	355	-79%
Cont'ns to/(from) Earmarked Reserves	(205)	(106)	99	48%	(264)	(213)	52	20%
Net Gap/ (Surplus)	(617)	(239)	377	61%	(713)	(307)	406	57%

*FPS rate increase of 8.5% from April 24 which was unbudgeted however this is being funded from additional grant income from the Home Office.

Operational Income & Government Grants

31st May 2024



Adjustment to Budget

Operational Income	In-month				YTD				Comments
	Actuals (£)	Budget (£)	Variance (£)	Variance (%)	Actuals (£)	Budget (£)	Variance (£)	Variance (%)	
Employees - Additional Contribution	(491)	-	491	100%	(1,023)	-	1,023	100%	Prior year adjustments
Sales General	(30)	-	30	100%	(62)	-	62	100%	
Service Charges	-	(38)	(38)	(100%)	-	(75)	(75)	(100%)	
Sales of Vehicle Spares	(10,176)	(7,917)	2,260	22%	(11,544)	(15,833)	(4,290)	(37%)	
Aerial Sites	(11,200)	(10,581)	618	6%	(23,732)	(21,162)	2,570	11%	
Solar Panel Income	(5,000)	(5,000)	-	-	(5,000)	(10,000)	(5,000)	(100%)	
Hydrant Tests	(4,026)	(8,833)	(4,807)	(119%)	(7,977)	(17,667)	(9,690)	(121%)	
Secondments	(654)	(14,885)	(14,231)	(2175%)	(15,191)	(29,770)	(14,578)	(96%)	
Community Safety Income	-	(2,896)	(2,896)	(100%)	-	(5,793)	(5,793)	(100%)	
Fleet Services Income	(9,561)	(10,000)	(439)	(5%)	(13,168)	(20,000)	(6,832)	(52%)	
Section 13/16 - Income	8,848	(9,239)	(18,087)	(204%)	(13,592)	(18,479)	(4,887)	(36%)	
Transport Income	(6)	-	6	100%	(6)	-	6	100%	
Events income	-	-	-	-	-	-	-	-	
Community Safety Youth Work	(3,111)	(4,167)	(1,056)	(34%)	(3,111)	(8,333)	(5,222)	(168%)	
Shared Services Income	(72,261)	(31,437)	40,824	56%	(85,848)	(62,874)	22,974	27%	
Other Miscellaneous Income	(26,050)	(9,542)	16,508	63%	(55,157)	(19,083)	36,074	65%	
Sale of Assets	-	-	-	-	-	-	-	-	
Income - Catering	(7,916)	(9,934)	(2,018)	(25%)	(13,027)	(19,868)	(6,842)	(53%)	
Other Recoverable Charges - Payroll	(1,342)	(5,463)	(4,120)	(307%)	(2,657)	(10,925)	(8,268)	(311%)	
Interest Received	(56,239)	(41,667)	14,572	26%	(136,401)	(83,333)	53,068	39%	
	(199,215)	(171,598)	27,617	14%	(387,496)	(343,196)	44,300	11%	£12k of Apprenticeship Income & £10k of ISAR income

Government Grants	In-month				YTD				Comments
	Actuals (£)	Budget (£)	Variance (£)	Variance (%)	Actuals (£)	Budget (£)	Variance (£)	Variance (%)	
Pensions Grant	-	(4,917)	(4,917)	(100%)	-	(9,833)	(9,833)	(100%)	
Addt. Pension Grant- Grey Book Pension Increase	(217,008)	-	217,008	100%	(436,152)	-	436,152	100%	
Business Rates Relief (BRR)	(335,083)	(335,119)	(36)	(0%)	(670,166)	(670,239)	(73)	(0%)	
Urban Search and Rescue (USAR)	(71,417)	(68,729)	2,688	4%	(140,146)	(137,458)	2,688	2%	
Funding Guarantee	(68,834)	(52,771)	16,063	23%	(190,418)	(105,543)	84,875	45%	
Firelink	(24,417)	(24,448)	(31)	(0%)	(48,834)	(48,897)	(63)	(0%)	
Service Grant	(8,750)	(8,761)	(11)	(0%)	(17,500)	(17,521)	(21)	(0%)	
Detection, Identification & Monitoring (DIM)	-	(2,723)	(2,723)	(100%)	(2,723)	(5,447)	(2,723)	(100%)	
Marauding Terrorist Attack (MTA)	(4,700)	(1,625)	3,075	65%	(4,700)	(3,250)	1,450	31%	
Protection Uplift	(4,555)	(16,363)	(11,808)	(259%)	(4,555)	(32,726)	(28,171)	(618%)	
	(734,764)	(515,457)	219,307	30%	(1,515,195)	(1,030,914)	484,281	32%	

Balance Sheet Report

31st May 2024



	Adjustment to Budget			Variance YTD £000's
	31st May 2024 £000's	31st Mar 2024 £000's	31st Mar 2023 £000's	
Property, plant & equipment				
Land and buildings	116,783	116,783	129,586	-
Vehicles, plant & equipment	10,315	10,315	10,602	-
Assets under construction	689	648	1,599	41
Intangible assets	925	925	-	-
Long term assets	128,712	128,671	141,787	41
Inventories	389	337	445	53
Short term debtors	13,204	10,820	13,068	2,384
Cash and cash equivalents	21,021	17,737	18,602	3,284
Assets held for sale	-	-	350	-
Current assets	34,615	28,894	32,465	5,721
Short term borrowings	(1,249)	(1,249)	(249)	-
Short term creditors	(10,734)	(9,812)	(11,447)	(922)
Grants received in advance	(3,641)	(309)	(1,303)	(3,332)
Current liabilities	(15,624)	(11,370)	(12,999)	(4,254)
Long term borrowing	(22,500)	(22,500)	(23,500)	-
Provisions	(900)	(896)	(786)	(4)
Pension liability - LGPS	(3,862)	(3,862)	9,887	-
Pension liability - FPS	(581,104)	(581,271)	(580,729)	167
Long term liabilities	(608,366)	(608,529)	(595,128)	163
NET LIABILITIES	(460,663)	(462,335)	(433,876)	1,671
Usable reserves				
General fund	4,872	4,157	3,882	714
Earmarked general funds	5,966	6,231	7,102	(264)
Capital receipts reserve	13,291	13,291	15,741	-
Usable reserves	24,129	23,679	26,725	450
Unusable reserves				
Revaluation reserve	31,989	31,989	43,840	-
Capital adjustment account	68,290	67,236	66,198	1,054
Holiday pay account	(1,408)	(1,408)	(1,353)	-
Collection fund adjustment account	1,303	1,303	1,557	-
Pension reserve	(584,967)	(585,133)	(570,842)	167
Unusable reserves	(484,793)	(486,014)	(460,601)	1,221
TOTAL RESERVES	(460,663)	(462,335)	(433,876)	1,672

* Balances adjusted at year end only

Fixed Assets:

- Increase in Assets under construction of £41k in the first two periods, for further detail, see the Capital Expenditure report.

Current Assets:

- Increase in short term debtors due to accrued precept income which is received later in the year, and additional pension fund expenditure due to be reimbursed by the Home Office.
- £3.2m increase in cash and cash equivalents, as seen in the cashflow on page 8. This is primarily due to grants received in advance of the year.

Current Liabilities:

- £1.2m of short term borrowing, with the next loan repayment due in March 2025.
- Short term creditors increased £0.9m due to movements in working capital.
- Grants received in advance have increased by £3.3m as grants are received in advance of the year.

Long Term Liabilities:

- Small adjustments to provisions and FPS pension liability due to sanction charges and pension adjustments.

Reserves:

Movements in Usable Reserves:

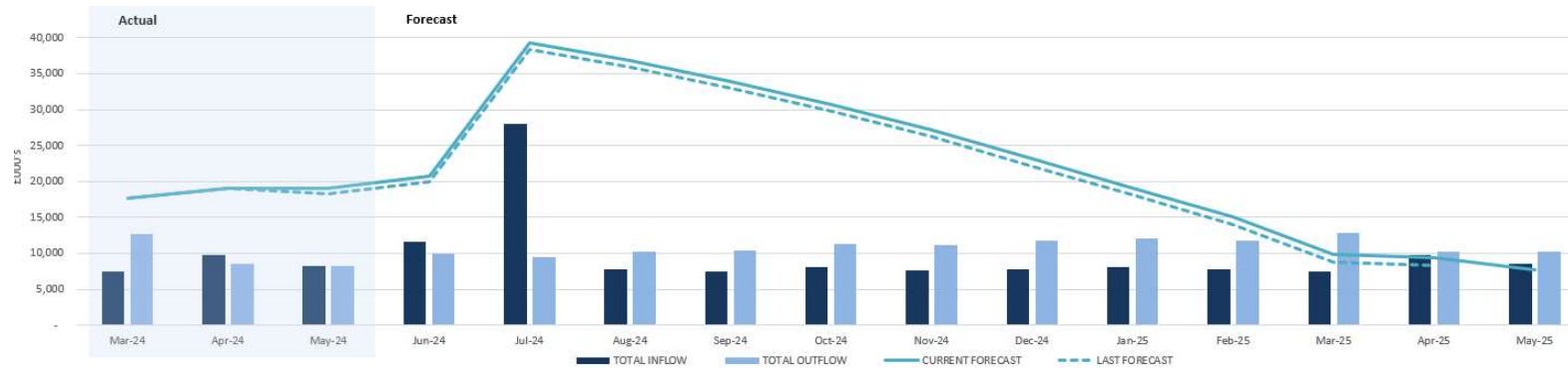
- The movements in General and Earmarked Reserves tie back to the summary Income & Expenditure statement on page 3.

Movements in Unusable Reserves:

- The movement in the Revaluation Reserve is a result of disposal accounting entries posted for day crewed house sales.

- The movement in the Capital Adjustment Account reflect adjustments for MRP in the month offset by disposal movements.

Cashflow Forecast
31st May 2024



Commentary

Total cash and investments at the end of May was £19.0m, slightly down from 19.3m in April. Key inflows and outflows for the month are summarised below:

Cash inflows include precepts of £4.5m and grants of £2.9m.

Cash outflows include purchase ledger payments of £1.3m, which is lower than usual due to the implementation of the New Finance System whilst processes are bedded in. This is expected to return to normal rates shortly.

The Authority holds investments of £16.5m, which is £2.0m less than last month, including £8m of fixed term investments in UK government gilts.

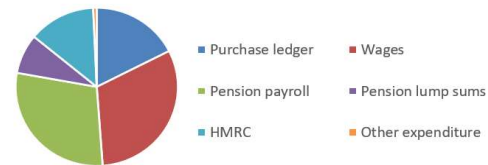
The remaining investments are in money market funds, CCLA and a Lloyds call account to maintain liquidity.

Last month's forecast has been included as the new baseline comparison. Cash at the end of May was higher than forecast due to the lower purchase ledger payments as detailed above.

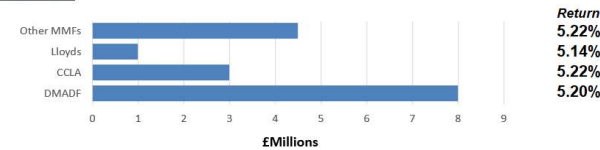
TREASURY MANAGEMENT INDICATORS

Indicator	Value	Explanation of Indicators
Credit risk indicator	AAA	The average credit rating of investments must be A or greater.
Liquidity risk indicator	£19.0m	The target cash available within 3 months is £8.5m.
Monthly interest rate movement	0.00%	Change in weighted average interest rate received.
Price risk indicator	£nil	The limit on the amount that can be invested beyond 12 months.
Refinancing rate indicator:		
Under 12 months	4%	A large proportion of the Authority's debt expires within 5-10 years. The Finance team have reviewed the impact of early repayment, and found there would be no advantage of doing so. Public Works Loan Board (PWLB) debt requires full payment of interest up to the date of expiry.
12 months and within 24 months	9%	
24 months and within 5 years	17%	
5 years and within 10 years	51%	
10 years and within 15 years	19%	
15 years and above	0%	

EXPENDITURE ANALYSIS



INVESTMENTS



Capital Summary

31st May 2024



Essex County
Fire & Rescue Service

Capital	Carry Forward 2023/24	Budget 2024/25	Adjustment to Budget	Forecast - Current	Actual Spend	Committed Spend
New Premises						
Fleet Workshops Relocation (Consultancy fees)	-	247	-	247	-	-
Hot Fire Training Relocation (Consultancy fees)	-	250	-	250	-	-
Training works/BA Chambers	326	176	-	502	-	-
Existing Premises						
Asset Protection	160	170	357	357	22	29
Wholetime Station Modernisation	-	637	(37)	600	-	6
Other projects	-	150	-	150	-	-
Total Property	486	1,630	320	2,106	22	34
Equipment	6	1,765	64	1,079	14	135
Information Technology						
Projects	841	1,110	10	1,961	6	895
Total Information Technology	841	1,110	10	1,961	-	895
Vehicles						
New Appliances	-	3,674	-	3,674	-	3,674
Other Vehicles	-	746	-	746	-	-
Total Vehicles	-	4,420	-	4,420	-	3,674
Total Capital Expenditure	1,333	8,925	394	9,565	41	4,738

Capital Report

31st May 2024



Essex County
Fire & Rescue Service

Capital	Carry Forward 2023/24	Budget 2024/25	Adjustment to Budget	Forecast - Current	Actual Spend	Committed Spend
B11701 - Vehicles						
Appliances (Pumping)	-	3,673,812	-	3,673,812	-	3,673,812
Light vehicles and provided cars	-	194,000	-	194,000	-	-
Light vans	-	302,000	-	302,000	-	-
Hose Lauer Replacement	-	250,000	-	250,000	-	-
Total B11700 - Land & Building	-	4,419,812	-	4,419,812	-	3,673,812
B11703 - Operational Equipment						
Thermal Imaging Cameras (incl. training department)	-	695,000	-	695,000	-	-
Hoses	-	-	58,000	58,000	-	-
Radios and repeaters	6,000	-	6,000	6,000	-	6,045
Light Portable Pumps	-	160,000	-	160,000	-	-
Method entry equipment	-	30,000	-	30,000	-	-
PPV Fans	-	130,000	-	130,000	13,890	128,640
Total B11703 - Operational Equipment	6,000	1,765,000	64,000	1,079,000	13,890	134,685
B11702 - ICT Equipment						
Control Project	840,518	-	-	840,518	-	790,163
Switchgear replacements	-	-	10,000	10,000	-	-
Laptops and devices	-	160,000	-	160,000	5,628	-
MDT and tablets	-	500,000	-	500,000	-	48,659
Station End Equipment	-	450,000	-	450,000	-	56,115
Total B11702 - ICT Equipment	840,518	1,110,000	10,000	1,960,518	5,628	894,937

Capital Report

31st May 2024



Essex County
Fire & Rescue Service

Capital	Carry Forward 2023/24	Budget 2024/25	Adjustment to Budget	Forecast - Current	Actual Spend	Committed Spend
B11700 - Land & Building						
Fleet Workshops Relocation (Consultancy fees)	-	246,900	-	246,900	-	-
Hot Fire Training Relocation (Consultancy fees)	-	250,000	-	250,000	-	-
Training works/BA Chambers	326,158	175,842	-	502,000	-	-
Total B11700 - Land & Building	326,158	672,742	-	998,900	-	-

Capital Report

31st May 2024



Essex County
Fire & Rescue Service

Capital	Carry Forward 2023/24	Budget 2024/25	Adjustment to Budget	Forecast - Current	Actual Spend	Committed Spend
B11705 - Asset Protection						
Asset Protection Works						
Basildon boilers/controls	80,000	-	100,000	100,000	-	22,915
Grays - Water Heating, Pumps and BMS Controls	80,000	-	100,000	100,000	-	5,613
Bay door replacements	-	-	90,000	90,000	-	-
Epping Forrest gym works	-	-	20,000	20,000	-	-
Air conditioning multiple sites	-	-	35,000	35,000	-	-
LED Lighting	-	170,000	320,000	320,000	-	-
Provision for limited capacity	-	-	(308,000)	(308,000)	-	-
Wivenhoe FS	-	-	-	-	19,348	-
Retentions and small works	-	-	-	-	2,447	-
Wholetime Station Modernisation						
Southend WT FS Modernisation	-	310,000	290,000	600,000	-	5,560
Leigh WT FS Modernisation & Boilers/BMS	-	327,000	(327,000)	-	-	-
Other Projects						
OCAT	-	150,000	-	150,000	-	-
B11705 - Asset Protection	160,000	957,000	320,000	1,107,000	21,795	34,088
TOTAL FORECAST 2024-25	1,332,676	8,924,554	394,000	9,565,230	41,313	4,737,522

BENEFITS AND RISK/ FINANCIAL IMPLICA Adjustment to Budget

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.

EQUALITY AND DIVERSITY IMPLICATIONS

There are no direct Equality or Diversity implications from the production of this report.

LEGAL IMPLICATIONS

There are no direct legal implications from the production of this report.

HEALTH & SAFETY IMPLICATIONS

There are no direct Health and Safety implications from the production of this report.

LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

List of background documents – including appendices, hardcopy or electronic including any relevant link/s.

Appendices:

Outturn movement from Budget

Movement of YTD projected position to Expected Outturn

Movement from Budget Position to Outturn

Proper Officer: Chief Finance Officer to PFCC Fire & Rescue Authority

Contact Officer: Neil Cross

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