

**LANCASHIRE COMBINED FIRE AUTHORITY
RESOURCES COMMITTEE**

Meeting to be held on 28 June 2017

**FINANCIAL MONITORING 2017/18
(Appendices 1 and 2 refer)**

Contact for further information:

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Executive Summary

The report sets out the current budget position in respect of the 2017/18 revenue and capital budgets and performance against savings targets.

Recommendation

The Committee is requested to note the financial position.

Information

Revenue Budget

The overall position as at the end of May shows an underspend of £0.097m. Whilst it is too early in the year to identify any trends we will monitor any trends that develop to ensure that they are reflected in future year's budgets, as well as being reported to Committee.

The position within individual departments is set out in Appendix 1, with major variances relating to non-pay spends and variances on the pay budget being shown separately in the table below: -

Area	Overspend/ (Under spend)	Reason
	£'000	
Service Delivery	43	The overspend relates to various headings, such as uniforms, training props for stations, and furniture, the majority of which are timing related and are expected to even out as the year progresses.
Training & Operational Review	55	The overspend relates to the timing of committed spend for training courses taking place later in the financial year, and is therefore a timing issue, rather than an anticipated outturn position.
Pay	(172)	In terms of the underspend to date, this is broken down as follows:

		<ul style="list-style-type: none"> • Wholetime pay (£50k underspend) this partly relates to the number of early leavers in the year, whereby 4 personnel have left earlier than anticipated, whereas the budget allows for just 2. With the balance of the underspend relating to the timing of costs of ad hoc payments such as overtime and public holidays. • Retained pay (£70k underspend) reflects the two month delay in implementing the new RDS pay scheme, as previously reported. • Support staff pay (£50k underspend) relates to several vacant posts across various departments, which are in excess of the vacancy factor built into the budget. Recruitment for the majority of these vacancies is currently underway, however it is likely that this underspend will increase, albeit at a slower rate, as the year progresses until such time as we return to full establishment.
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Capital Budget

The Capital Programme for 2017/18 stands at £13.533m, after allowing for slippage of £5.354m, as reported elsewhere on the agenda.

A review of the programme has been undertaken to identify progress against the schemes as set out below: -

Pumping Appliances	The budget allows for the purchase of 6 pumping appliances for the 2017/18 programme, for which the order was placed in February 2017. We currently anticipate that these appliances will be delivered during December 2017. In addition, the budget allows for the final stage payments in relation to the 5 pumping appliances carried from the 2016/17 programme, which are due to be delivered during June 2017. Payments made in the period to date relate to the 2016/17 pumping appliances.
Other vehicles	This budget allows for the replacement of various operational support vehicles, the most significant of which are one of the Command Support Units and two Driver Training Vehicles. Requirements for these are currently being finalised with a view to undertaking a procurement exercise. Dependent upon lead times the final costs associated with the purchase of these may slip over into 2018/19.

Operational Equipment/Future Firefighting	<p>This budget allows for the replacement of Thermal Imaging Cameras (TICs) plus the replacement of Breathing Apparatus Radios in accordance with the Fleet Asset Management Plan. In addition the slippage relates to the balance of the Future Fire Fighting equipment budget, the majority of which relates to the purchase of the technical rescue jackets, which, following the regional procurement exercise, have now been ordered.</p>
Building Modifications	<p>The slippage allows for:</p> <ul style="list-style-type: none"> • the remaining items of capital works at the Training Centre site in order to make the site fit for purpose for the next five years, in addition to the relocation of the Fleet workshop to Training Centre; • the completion of the ongoing build of the joint Fire & Ambulance facility at Lancaster • the purchase of a piece of land adjacent to Preston Fire Station, approved by Resources Committee in September 2016 which was completed in early June. <p>The budget also allows for the rebuild of Preston Fire Station. We have drawn up initial plans taking account of NWS requirements, however in order to further develop these we need approval from NWS before moving to a detailed design stage. This approval has been delayed and hence it now appears unlikely that any significant building works will take place in the current financial year, meaning that the majority of capital budget is likely to slip into the next financial year. The final element of this capital budget relates to investment in training assets at two specific locations to maximise the efficiency and consistency of staff training, and in particular RDS staff. The exact requirements remain subject to review, and a further update on progress will be presented to the Committee once requirements have been finalised</p>
IT systems	<p>The majority of this budget relates to the following areas:-</p> <ul style="list-style-type: none"> • Costs of the national Emergency Services Mobile Communications Project (ESMCP) to replace the Airwave wide area radio system – including £0.8m slipped from 2016/17, the cost and timing of which is subject to the national project; • The replacement of the station end mobilising system, where we may carry out an interim upgrade to improve security and resilience, which will have to be done in conjunction with NWFC, and is dependent on the timing of ESMCP in terms of capacity to deliver the project;

	<ul style="list-style-type: none"> the replacement of the wide area network (WAN) to allow a solution to be in place when current service contracts are due to end during 2017/18, for which the specification is being produced; The replacement of various systems, in line with the ICT asset management plan, however these are reviewed prior to starting the replacement process and hence further updates on progress will confirm which replacements are being actioned in the current year.
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Appendix 2 sets out the capital programme and the expenditure position against this, as reflected above. The costs to date will be met by both capital grant and revenue contributions.

Members should also note that during May the surplus land at Valley Road, Penwortham was sold, bringing in a capital receipt of £0.070m which can be used to fund future capital programmes.

Delivery against savings targets

The following table sets out the efficiencies identified during the budget setting process, hence removed from the 2017/18 budget, and performance to date against this target: -

	Annual Target	Target at end of May	Savings at end of May
	£m	£m	£m
Staffing, including Emergency Cover Review outcomes, LGPS scheme deficit removal plus management of vacancies	0.777	0.210	0.382
Reduction in service delivery non pay budgets including the smoke detector budgets	0.222	0.037	0.018
Reduction in Property repairs and maintenance and utilities budgets	0.215	0.036	0.029
Reduction in Fleet repairs and maintenance and fuel budgets	0.066	0.011	(0.001)
Reduction in insurance Aggregate Stop Loss	0.050	0.008	0.008
Reduction in capital financing charges	0.040	0.007	0.007
Procurement savings (these are savings on contract renewals, such as waste collection and stationery contracts)	-	-	0.031

Balance – cash limiting previously underspent non pay budgets	0.180	0.030	0.030
Total	1.550	0.339	0.504

The performance to date is ahead of target, a combination of the underspend on salaries for the first two months, plus savings in respect of procurement activities during the same period. It is anticipated that we will meet our efficiency target for the financial year.

Financial Implications

As outlined in the report

Business Risk Implications

None

Environmental Impact

None

Equality and Diversity Implications

None

Human Resource Implications

None

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		

APPENDIX 1

BUDGET MONITORING STATEMENT May 2017	Total Budget	Budgeted Spend to May 2017	Actual Spend to May 2017	Variance O/Spend (U/Spend)	Variance Pay	Variance Non-Pay
	£000	£000	£000	£000	£000	£000
Service Delivery						
Service Delivery	30,756	5,730	5,618	(111)	(154)	43
Prince's Trust Volunteers Scheme	-	131	122	(9)	-	(9)
Training & Operational Review	3,647	694	785	91	36	55
Control	1,148	287	287	(0)	-	(0)
Special Projects	12	2	(2)	(4)	0	(4)
Strategy & Planning						
Service Development	3,665	695	681	(14)	(19)	5
Fleet & Technical Services	2,292	596	612	17	5	12
Information Technology	2,371	359	349	(9)	(25)	16
People & Development						
Human Resources	503	90	84	(6)	(8)	2
Occupational Health Unit	199	24	19	(5)	(3)	(2)
Corporate Communications	294	48	35	(13)	(7)	(6)
Safety Health & Environment	176	28	26	(3)	1	(3)
Corporate Services						
Executive Board	978	168	192	23	6	18
Central Admin Office	742	124	131	7	7	(0)
Finance	142	24	24	0	0	(0)
Procurement	790	119	122	4	(6)	10
Property	1,271	315	316	2	(6)	8
External Funding	-	(25)	(24)	1	1	0
TOTAL DFM EXPENDITURE	48,987	9,408	9,379	(29)	(172)	143
Non DFM Expenditure						
Pensions Expenditure	1,172	374	360	(14)	-	(14)
Other Non-DFM Expenditure	3,775	726	672	(54)	1	(55)
NON-DFM EXPENDITURE	4,947	1,100	1,032	(68)	1	(69)
TOTAL BUDGET	53,933	10,508	10,411	(97)	(172)	75

CAPITAL BUDGET 2017/18	Original Programme	Slippage	Revised Programme	Projected to Date	Actual Expenditure	Variance to Date
Vehicles						
Pumping Appliance	1.195	0.533	1.728	0.330	0.330	-
Other Vehicles	0.464	0.437	0.901	0.116	0.112	(0.005)
	1.659	0.970	2.629	0.447	0.442	(0.005)
Operational Equipment						
Operational Equipment	0.420	0.692	1.112	-	-	-
	0.420	0.692	1.112	-	-	-
Buildings Modifications						
STC Redevelopment	-	0.793	0.793	0.130	0.126	(0.004)
Lancaster Replacement	-	2.119	2.119	0.270	0.269	(0.001)
Other works	4.750	0.150	4.900	-	-	-
	4.750	3.062	7.812	0.400	0.395	(0.005)
ICT						
IT Systems	1.350	0.630	1.980	0.017	-	(0.017)
	1.350	0.630	1.980	0.017	-	(0.017)
Total Capital Requirement	8.179	5.354	13.533	0.863	0.837	(0.026)
Funding						
Capital Grant	0.800	0.666	1.466	0.270	0.269	(0.001)
Revenue Contributions	2.000	-	2.000	0.593	0.568	(0.025)
Earmarked Reserves	0.049	0.200	0.249	-	-	-
General reserves	2.600	-	2.600	-	-	-
Capital Reserves	2.730	4.488	7.218	-	-	-
Total Capital Funding	8.179	5.354	13.533	0.863	0.837	(0.026)