

**LANCASHIRE COMBINED FIRE AUTHORITY
RESOURCES COMMITTEE – 29 JUNE 2016**

**FINANCIAL MONITORING 2016/17
(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 2016/17 revenue and capital budgets and performance against efficiency 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 £0.274m. It is still too early in the financial year for any trends in expenditure to be evident, however we will as usual monitor the situation closely as the year progresses.

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

Area	Overspend/ (Under spend) £'000	Reason
Fleet & Technical Services	69	The overspend relates to the timing of committed spend against operational equipment, breathing apparatus and hydrant repairs, as goods and services are ordered for delivery later in the financial year, and therefore expected to reduce as the year progresses. These overspends are partially offset by underspends against vehicle repairs and maintenance and fuel, and the overall position will be monitored.
Property	(84)	The current underspend relates to the timing of spend against planned repairs and maintenance as works are scheduled in for completion later in the financial year, rather than an anticipated forecast underspend at this stage.
Pay	(181)	In terms of the underspend to date, this is broken down as follows: <ul style="list-style-type: none"> Wholetime pay (£51k underspend) relates largely to the timing of costs of ad hoc payments such as overtime and public holidays, and will be monitored closely for the rest of the financial year.

		<ul style="list-style-type: none"> Retained pay (£113k underspend) relates to vacant hours of cover across many fire stations, plus timing of spend for retained training courses scheduled for later in the financial year.. Support staff pay (£18k underspend) relates to various vacant posts for which recruitment is currently underway.
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Capital Budget

The Capital Programme for 2016/17 stands at £7.663m, after allowing for slippage, as reported elsewhere on the agenda, however it is now necessary to bring forwards the budget for the replacement of the wide area network (WAN) which had been approved for the next financial year as part of the five year capital programme, to allow the procurement process to start during 2016/17. This will be funded from capital reserves. In addition, in order to allow for operational crews to be fully trained on the new Aerial Ladder Platforms (ALP's) bought towards the end of the 2015/16 it is necessary to either extend the existing lease, which runs out on 28 June, or to purchase the vehicle. Following discussion with the Chairman we have agreed to purchase this for £20k, as opposed to paying £1.5k per month to lease this. We anticipate being in a position to sell the vehicle once the training is completed and based on market research anticipate a price in excess of £15k. Hence allowing for this purchasing, rather than extending the lease, represents better value for money. The cost will be met from a contribution from the revenue budget, and is reflected in the revised capital programme of £8.063m.

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 5 pumping appliances for the 2016/17 programme, for which the contract has just been awarded, and the order will shortly be placed. We anticipate that these appliances will be delivered by March 2017.
Other vehicles	This budget allows for various operational support vehicles, including 2 Driver Training Vehicles (DTVs) which will be progressed in the next few months.
Operational Equipment / Future Firefighting	This budget was set aside to meet the costs of innovations in firefighting equipment, and the spend to date reflects the purchase of an Unmanned Aerial Vehicle (UAV) or drone, which is now operational.
Building Modifications	<p>The budget allows for 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 the budget allows for the relocation of the Fleet workshop to Training Centre.</p> <p>The budget allows for the provision of a replacement for Lancaster Fire Station, incorporating a joint Fire & Ambulance facility. Expenditure to date relates to the purchase of the adjacent property in order to facilitate the redevelopment.</p> <p>In addition, the budget contains provision for the replacement of Carnforth fire station.</p>

IT systems	<p>The majority of this budget relates to the following areas:-</p> <ul style="list-style-type: none"> • Initial costs of the national Emergency Services Mobile Communications Project (ESMCP) to replace the Airwave wide area radio system – with further budgetary provision included in the 2017/18 draft capital programme. • 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. • The replacement of various systems, in line with the ICT asset management plan, however these are reviewed prior to starting the replacement process.
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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.

Delivery against savings targets

The following table sets out the efficiencies identified during the budget setting process, hence removed from the 2016/17 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, Prevention & Protection Review outcomes, functional saving reviews plus management of vacancies	1.512	0.173	0.218
Reduction in capital financing charges	0.284	0.047	0.047
Reduction in service delivery non pay budgets including the smoke detector budgets	0.145	0.024	0.047
Removal of the contribution to Greater Manchester FRS in respect of their Urban Search And Rescue team	0.122	0.020	0.020
Reduction in Fleet repairs and maintenance and fuel budgets	0.068	0.011	0.011
Reduction in Property repairs and maintenance and utilities budgets	0.034	0.006	0.078
Procurement savings (these are savings on contract renewals, such as waste collection and stationery contracts)	-	-	0.061
Balance – cash limiting previously underspent non pay budgets	0.337	0.056	0.056
Total	2.502	0.337	0.540

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:		

**BUDGET MONITORING
STATEMENT**
May 2016

	Total Budget	Budgeted Spend to May 2016	Actual Spend to May 2016	Variance O/Spend (U/Spend)	Variance Pay	Variance Non-Pay
	£000	£000	£000	£000	£000	£000
DFM Expenditure						
Training & Operational Review	3,245	669	659	(10)	(15)	5
Fleet & Technical Services	2,363	445	514	70	1	69
Executive Board	1,000	198	192	(7)	1	(7)
Corporate Communications	284	50	42	(8)	-	(9)
Human Resources	467	80	91	10	9	2
Occupational Health Unit	234	39	25	(14)	4	(18)
Central Admin Office	364	62	62	-	2	(2)
Finance	142	24	23	-	(1)	-
Procurement	731	119	107	(12)	(8)	(4)
Property	1,393	283	202	(81)	3	(84)
Safety Health & Environment	157	26	28	2	2	-
Prince's Trust Volunteers Scheme	-	23	29	6	-	6
Service Development	3,687	642	633	(8)	13	(21)
Control	1,092	273	273	-	-	-
Information Technology	2,265	371	415	44	-	44
Service Delivery	32,258	5,882	5,637	(246)	(193)	(53)
External Funding	-	7	8	-	-	-
Special Projects	6	1	7	6	-	6
TOTAL DFM EXPENDITURE	49,687	9,194	8,946	(248)	(181)	(67)
Non DFM Expenditure						
Pensions Expenditure	1,257	166	160	(7)	-	(7)
Other Non-DFM Expenditure	4,667	603	584	(20)	-	(20)
NON-DFM EXPENDITURE	5,924	770	743	(26)	-	(26)
TOTAL BUDGET	55,611	9,964	9,689	(274)	(181)	(93)

CAPITAL BUDGET 2016/17	Revised Programme	Resources June	Revised Programme	Projected to Date	Actual Expenditure	Variance to Date
Vehicles						
Pumping Appliance	0.950	0.000	0.950	0.000	0.000	0.000
Other Vehicles	0.530	0.020	0.550	0.020	0.020	0.000
	<u>1.480</u>	<u>0.020</u>	<u>1.500</u>	<u>0.020</u>	<u>0.020</u>	<u>0.000</u>
Operational Equipment						
Operational Equipment	1.000	0.000	1.000	0.070	0.066	(0.004)
	<u>1.000</u>	<u>0.000</u>	<u>1.000</u>	<u>0.070</u>	<u>0.066</u>	<u>(0.004)</u>
Buildings Modifications						
STC Redevelopment	0.852	0.000	0.852	0.000	0.000	0.000
Day Crewing Plus	0.008	0.000	0.008	0.001	0.007	0.006
Lancaster Replacement	3.692	0.000	3.692	1.480	1.477	(0.003)
Other works	0.308	0.000	0.308	0.002	0.004	0.002
	<u>4.860</u>	<u>0.000</u>	<u>4.860</u>	<u>1.483</u>	<u>1.488</u>	<u>0.005</u>
ICT						
IT Systems	0.323	0.380	0.703	0.021	0.012	(0.009)
	<u>0.323</u>	<u>0.380</u>	<u>0.703</u>	<u>0.021</u>	<u>0.012</u>	<u>(0.009)</u>
Total Capital Requirement	<u>7.663</u>	<u>0.400</u>	<u>8.063</u>	<u>1.594</u>	<u>1.587</u>	<u>(0.007)</u>
Funding						
Capital Grant	2.640	0.000	2.640	1.480	1.477	(0.003)
Revenue Contributions	2.750	0.020	2.770	0.114	0.109	(0.004)
Earmarked Reserves	0.200	0.000	0.200	0.000	0.000	0.000
Capital Reserves	2.073	0.380	2.453	0.000	0.000	0.000
Total Capital Funding	<u>7.663</u>	<u>0.400</u>	<u>8.063</u>	<u>1.594</u>	<u>1.587</u>	<u>(0.007)</u>