

**LANCASHIRE COMBINED FIRE AUTHORITY  
RESOURCES COMMITTEE**

Meeting to be held on 28 September 2016

**FINANCIAL MONITORING 2016/17  
(Appendices 1 and 2 refer)**

Contact for further information:

Keith Mattinson - Director of Corporate Services – Telephone Number 01772 866804

**Executive Summary**

The report sets out the current budget position in respect of the 2016/17 revenue and capital budgets and performance against savings targets.

**Recommendation**

The Committee is requested to:

- Endorse the creation of up to an additional four Emergency Services Mobile Communications Project (ESMSP) roles within the Information Technology department budget
- Note the financial position.

**Information**

Revenue Budget

The overall position as at the end of August shows an under spend of £0.933m. We continue to monitor variances for emerging savings opportunities which may be reflected in the forthcoming budget setting process. We are currently working on year end forecasts, these will be reported to the next meeting in November.

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	32	The overspend relates to the timing of committed spend against breathing apparatus, operational equipment and breathing apparatus, as goods and services are ordered for delivery later in the financial year, and hydrant repair commitments.
Property	(157)	The underspend relates to spend against planned repairs and maintenance as property department capacity is almost fully occupied with the working on the current capital projects. It is likely that this will result in a similar level of underspend by year end which will be reported in November.

IT	28	<p>The current overspend predominantly relates to the timing of annual software licences paid during the first part of the year, which will reduce as the year continues.</p> <p>In addition, the national Emergency Services Mobile Communications Project (ESMCP) to replace the Airwave mobilising radio system is now underway, and as such LFRS has been allocated government funding to create up to 4 fixed term project roles to facilitate our transition to the replacement system in due course. The Committee is asked to endorse the creation of these posts for this purpose.</p>
Service Delivery	(98)	<p>The underspend reflects the continued reductions in spending across many budget headings, for which next year's budget will be adjusted, and the single most significant element of which is the ongoing underspend on smoke detectors as the new Home Fire Safety Check process continues to be embedded within the service.</p>
Pay	(648)	<p>In terms of the underspend to date, this is broken down as follows:</p> <ul style="list-style-type: none"> <li>• Wholetime pay (£278k underspend) relates to a combination of the timing of costs of ad hoc payments such as overtime and public holidays, which will be monitored closely for the rest of the financial year. and the differences between the expected staffing numbers versus the actual staff in post. In addition, following retirements to the end of August and 5 personnel leaving without accruing full pension benefits, there are 20 vacant posts which will continue to create underspends until the Lancaster wholetime pump is removed on 1 October. The wholetime budget allows for the recruitment of up to 30 staff in the second half of the year, to make up the anticipated shortfall in staff as retirements continue. This recruitment exercise has been open to existing Retained Duty System (RDS) staff only.</li> <li>• Retained pay (£220k 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. The current Wholetime recruitment could potentially create further reductions in hours of cover dependent on the number of RDS appointed and their subsequent ability to carry out dual roles.</li> </ul>

		<p>Note the Retained pay budget also includes an additional £600k in relation to the Strengthening and Improving RDS project, which is phased in at the end of the year pending identification and approval of specific requirements in due course.</p> <ul style="list-style-type: none"> <li>• Support staff pay (£150k underspend) relates to various vacant posts, for which recruitment is currently underway, including posts relating to the additional £100k budget added into ICT to create additional capacity.</li> </ul>
--	--	--

### Capital Budget

The Capital Programme for 2016/17 stands at £8.063m as approved at the last Resources Committee.

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

	Committed spend to Aug 16 £m	
Pumping Appliances	0.964	Committed spend to date relates to the purchase of 5 pumping appliances for the 2016/17 programme, which have been ordered and are currently in build, we anticipate will be delivered by March 2017.
Other vehicles	0.130	<p>Committed spend to date relates to various support vehicles from the 2015/16 and 2016/17 capital programmes which have either been delivered or have been ordered.</p> <p>The balance of the budget relates to:-</p> <ul style="list-style-type: none"> <li>• the remaining planned support vehicles replacements, which are being reviewed prior to replacement;</li> <li>• the replacement of 2 driver training vehicles (DTVs) for which specification options are currently being considered.</li> </ul>
Operational Equipment/Future Firefighting	0.118	This £1m 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, and the costs of trialling a new vehicle type to use as a water tower. In addition, the initial purchase costs of flood suits will shortly be charged against this budget.

Building Modifications	1.527	<p>The majority of committed spend to date relates to the purchase of the property adjacent to Lancaster fire station in order to facilitate the redevelopment of the site.</p> <p>The balance of the budget relates to:-</p> <ul style="list-style-type: none"> <li>• the remainder of the budget for the provision of a replacement for Lancaster Fire Station, incorporating a joint Fire &amp; Ambulance facility, following the purchase of the adjacent site, we are expecting tender responses back during October;</li> <li>• completion of 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.</li> </ul>
IT systems	0.012	<p>Committed spend to date relates to the final stages of the phased implementation of the replacement asset management system begun during the last financial year.</p> <p>The balance of the budget relates to:-</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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;</li> <li>• The replacement of various systems, in line with the ICT asset management plan, however these are reviewed prior to starting the replacement process.</li> <li>•</li> </ul>

Appendix 2 sets out the capital programme and the expenditure position against this, as reflected above. The costs to date will be met largely by revenue contributions, with capital grant funding the costs to date of Lancaster Redevelopment.

## Delivery against savings targets

The following table sets out the savings targets 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 Aug	Savings at end of Aug
	£m	£m	£m
Staffing, including Emergency Cover Review outcomes, Prevention & Protection Review outcomes, functional saving reviews plus management of vacancies	1.512	0.431	1.080
Reduction in capital financing charges	0.284	0.118	0.118
Reduction in service delivery non pay budgets including the smoke detector budgets	0.145	0.060	0.129
Removal of the contribution to Greater Manchester FRS in respect of their Urban Search And Rescue team	0.122	0.051	0.051
Reduction in Fleet repairs and maintenance and fuel budgets	0.068	0.029	(0.007)
Reduction in Property repairs and maintenance and utilities budgets	0.034	0.014	0.155
Procurement savings (these are savings on contract renewals, such as waste collection and stationery contracts)	-	-	0.065
Balance – cash limiting previously underspent non pay budgets	0.337	0.140	0.140
Total	2.502	0.844	1.730

The performance to date is ahead of target, a combination of the underspend on salaries for the first five 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**
**Aug 2016**

	<b>Total Budget</b>	<b>Budgeted Spend to Aug 2016</b>	<b>Actual Spend to Aug 2016</b>	<b>Variance O/Spend (U/Spend)</b>	<b>Variance Pay</b>	<b>Variance Non-Pay</b>
<b>DFM Expenditure</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Training & Operational Review	3,227	1,301	1,242	(60)	(26)	(34)
Fleet & Technical Services	2,362	1,130	1,166	36	3	32
Executive Board	1,000	418	422	3	3	-
Corporate Communications	284	127	113	(13)	2	(15)
Human Resources	501	228	220	(8)	(2)	(6)
Occupational Health Unit	234	92	72	(20)	16	(36)
Central Admin Office	427	177	167	(10)	(13)	3
Finance	142	60	58	(1)	(1)	-
Procurement	743	293	280	(12)	(17)	5
Property	1,419	629	472	(157)	-	(157)
Safety Health & Environment	157	65	69	4	4	-
Prince's Trust Volunteers Scheme	-	62	75	13	-	13
Service Development	3,769	1,635	1,561	(74)	(33)	(42)
Control	1,092	546	546	-	-	-
Information Technology	2,264	923	910	(13)	(41)	28
Service Delivery	32,004	13,601	12,958	(643)	(546)	(98)
External Funding	-	15	17	2	-	2
Special Projects	6	3	6	4	1	2
<b>TOTAL DFM EXPENDITURE</b>	<b>49,632</b>	<b>21,305</b>	<b>20,355</b>	<b>(950)</b>	<b>(649)</b>	<b>(301)</b>
<b>Non DFM Expenditure</b>						
Pensions Expenditure	1,257	621	612	(9)	-	(9)
Other Non-DFM Expenditure	4,722	1,007	1,032	26	1	25
<b>NON-DFM EXPENDITURE</b>	<b>5,980</b>	<b>1,628</b>	<b>1,644</b>	<b>17</b>	<b>1</b>	<b>16</b>
<b>TOTAL BUDGET</b>	<b>55,611</b>	<b>22,933</b>	<b>21,999</b>	<b>(933)</b>	<b>(648)</b>	<b>(285)</b>

<b>CAPITAL BUDGET 2016/17</b>	<b>Revised Programme</b>	<b>Projected to Date</b>	<b>Actual Expenditure</b>	<b>Variance to Date</b>
<b>Vehicles</b>				
Pumping Appliance	0.950	0.950	0.964	0.014
Other Vehicles	0.550	0.150	0.130	(0.020)
	<u>1.500</u>	<u>1.100</u>	<u>1.094</u>	<u>(0.006)</u>
<b>Operational Equipment</b>				
Operational Equipment	1.000	0.120	0.118	(0.002)
	<u>1.000</u>	<u>0.120</u>	<u>0.118</u>	<u>(0.002)</u>
<b>Buildings Modifications</b>				
STC Redevelopment	0.852	0.000	(0.000)	(0.000)
Day Crewing Plus	0.008	0.008	0.008	0.000
Lancaster Replacement	3.692	1.495	1.493	(0.002)
Other works	0.308	0.025	0.025	0.000
	<u>4.860</u>	<u>1.528</u>	<u>1.527</u>	<u>(0.001)</u>
<b>ICT</b>				
IT Systems	0.703	0.013	0.012	(0.001)
	<u>0.703</u>	<u>0.013</u>	<u>0.012</u>	<u>(0.001)</u>
<b>Total Capital Requirement</b>	<b><u>8.063</u></b>	<b><u>2.762</u></b>	<b><u>2.751</u></b>	<b><u>(0.011)</u></b>
<b>Funding</b>				
Capital Grant	2.640	1.495	1.493	(0.002)
Revenue Contributions	2.770	1.267	1.258	(0.009)
Earmarked Reserves	0.200	0.000	0.000	0.000
Capital Reserves	2.453	0.000	0.000	0.000
<b>Total Capital Funding</b>	<b><u>8.063</u></b>	<b><u>2.762</u></b>	<b><u>2.751</u></b>	<b><u>(0.011)</u></b>