

**LANCASHIRE COMBINED FIRE AUTHORITY
RESOURCES COMMITTEE**

Meeting to be held on 29 May 2019

**YEAR END REVENUE OUTTURN 2018/19
(Appendix 1 refers)**

Contact for further information:

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

Executive Summary

This report presents the revenue outturn position, and the impact of this on usable reserves.

The overall outturn position shows an underspend of £435k, which is lower than the £508k underspend previously forecast (the impact of this on reserves is set out in the Year End Usable Reserves and Provisions Outturn report, reported elsewhere on the agenda).

Recommendation

The Committee is asked to note and endorse the outturn position on the 2018/19 revenue budget.

The Revenue Outturn Position

The annual budget for the year was set at £54.770m. The final outturn position shows net expenditure of £54.335m, giving a total underspend for the financial year of £435k. As set out in the Year End Usable Reserves and Provisions Outturn report (reported elsewhere on the agenda) it is proposed to transfer £333k to the general reserve and £102k to earmarked reserves, predominantly to the Prince's Trust Reserve.

The final position within individual departments is broadly consistent with that reported throughout the year, and specifically the forecast presented to the March Resources Committee. As previously reported, the majority of the underspend during 2018/19 related to additional funding received during the last quarter of the financial year. The detailed final revenue position is set out in Appendix 1, with major variances being summarised below (note as reported throughout the year the variances shown relate to non-pay spend, with the variance on the pay budget being shown separately): -

Area	Overspend/ (Underspend) £'000	Reason
Service Delivery	140	The position is broadly consistent with previous forecasts, although there had been a slowdown in spending over the last quarter of the year, hence a lower overspend than forecast.
Winter Hill	110	We have now received confirmation that the Bellwin claim for Emergency Financial Assistance has had ministerial approval, and we will receive the funds in due course. As anticipated, this leaves our net cost for Winter Hill as forecast of £110k.
The Princes Trust	(109)	<p>As previously reported, Princes Trust received several sources of unbudgeted income during the financial year. It is proposed to transfer the £109k into the Princes Trust Earmarked reserve in order to:</p> <ul style="list-style-type: none"> • set aside funds to replace one of the team minibuses; • purchase some presentation equipment for the end of team presentation evenings; and • increase the buffer for loss of college funding, specifically in relation to the merger of the Accrington & Rossendale College with Nelson & Colne College for the 19/20 academic year, which could potentially result in reduced income for Princes Trust. <p>The funding situation will be monitored during 19/20 financial year and will be reviewed in twelve months' time.</p>
Non DFM	(420)	As previously reported, the underspend largely relates to the additional income from Central Government, in addition to increased bank interest receivable during the year.
Wholetime Pay	(431)	<p>The year-end position is consistent with the previous forecast and the reasons for the underspend also remain consistent:-</p> <ul style="list-style-type: none"> • 17/18 pay award was 1% rather than assumed 2% • Forecast retirements were lower than expected during the early part of the year, but during the latter part of the year caught up again • whole time recruits are lower than budgeted • pension costs are lower than forecast due to the mix of staff in each FF Pension Scheme changes throughout the year as personnel transfer, or as personnel withdraw from the scheme

		As previously stated the position reflects the budget of £256k for 12 apprentice fire fighters, which have not been possible to recruit to due to delays in the national apprenticeship scheme, hence was not spent.
Retained (RDS) Pay	251	The year-end position is consistent with the previous forecast and the reasons for the overspend also remain consistent:- <ul style="list-style-type: none"> • Activity levels are higher than in the previous year (excluding Winter Hill) reflecting increased hours of cover as well as increased incidents • An 18% average vacancy throughout the year, versus a 20% budgeted vacancy assumption, ie increased hours of cover • 17/18 pay award was 1% rather than assumed 2%
Associate Trainers	140	The annual training plan is used to match planned training activity to staff available at the training centre. However it is inevitable that this will not always be possible, specifically at times when there are a large number of courses running concurrently, i.e. where Whole-time recruit's course is run. Associated trainers are used at these times to provide greater flexibility to match resource to demand. Thus avoiding the need to create a permanent establishment to meet peak demands, which would clearly be an inefficient use of resources. In addition, it was agreed that associate trainers could be used to facilitate the 'have a go' days as part of the wholetime recruitment process at a cost of £10k.
Support staff (including agency staff)	(228)	The underspend relates to vacant posts across various departments, which are in excess of the vacancy factor built into the budget. The majority of these vacancies have now been filled, although ICT and Knowledge Management remain problem areas. Note agency staff costs to date of £111k are replacing vacant support staff roles, this accounts for less than 2% of total support staff costs.
Apprentice Levy	(18)	The apprentice levy is payable at 0.5% of each months payroll costs, the budget for this was set at anticipated establishment levels, hence the underspend against this budget reflects the various pay budget underspends reported above.

Delivery against savings targets

The following table sets out the target level of efficiencies required in 2018/19 and performance against this target: -

	Annual Target	Savings delivered
	£m	£m
Staffing, including post reductions plus management of vacancies	0.059	0.344
Reduction in service delivery non pay budgets including the smoke detector budgets	0.090	0.036
Reduction in Fleet operational equipment budget	0.150	0.121
Reduction in capital financing charges	0.161	0.161
Procurement savings (these are savings on contract renewals, such as waste collection and stationery contracts)	-	0.173
Balance – cash limiting previously underspent non pay budgets	0.353	0.406
Total	0.812	1.241

Performance exceeded the efficiency target, largely as a result of staffing savings made and Procurement savings in respect of contracts let during the year, which have been reported during the course of the year.

Financial Implications

As outlined in the report

Business Risk Implications

The outturn report enables stakeholders to monitor how the Authority has performed financially in the year

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
Reason for inclusion in Part II, if appropriate:		

BUDGET MONITORING STATEMENT MAR 2019	Total Budget	Actual Spend to Mar 2019	Variance O/Spend (U/Spend)	Variance Pay	Variance Non-Pay
	£000	£000	£000	£000	£000
Service Delivery					
Service Delivery	30,535	31,082	547	407	140
Winter Hill	-	110	110	-	110
Training & Operational Review	4,029	4,059	30	(42)	72
Control	1,183	1,175	(8)	-	(8)
Prince's Trust Volunteers Scheme	-	(109)	(109)	-	(109)
Strategy & Planning					
Fleet & Technical Services	2,205	2,217	12	17	(6)
Information Technology	2,523	2,400	(123)	(108)	(15)
Service Development	3,952	3,758	(194)	(225)	31
Special Projects	(18)	(33)	(15)	-	(15)
People & Development					
Human Resources	697	659	(37)	5	(42)
Occupational Health Unit	257	203	(54)	1	(55)
Corporate Communications	299	306	7	9	(1)
Safety Health & Environment	219	228	8	5	4
Corporate Services					
Executive Board	1,017	1,031	15	20	(5)
Central Admin Office	799	758	(41)	(40)	(1)
Finance	143	139	(3)	(6)	2
Procurement	796	793	(3)	(11)	9
Property	1,304	1,405	101	3	97
External Funding	-	(0)	(0)	(0)	(0)
Pay					
TOTAL DFM EXPENDITURE	49,941	50,182	240	35	205
Non DFM Expenditure					
Pensions Expenditure	1,178	1,242	64	-	64
Other Non-DFM Expenditure	3,651	2,911	(740)	(320)	(420)
NON-DFM EXPENDITURE	4,829	4,153	(676)	(320)	(356)
TOTAL BUDGET	54,770	54,335	(435)	(285)	(150)