

**LANCASHIRE COMBINED FIRE AUTHORITY  
RESOURCES COMMITTEE**

Meeting to be held on 23 September 2020

**YEAR END REVENUE OUTTURN 2019/20  
(Appendix 1 refers)**

Contact for further information:

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**Executive Summary**

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

The overall outturn position shows an overspend of £248k after allowing for the potential costs of backdating for pensionable allowances (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 2019/20 revenue budget, the associated drawdown of £286k from general reserves, and the transfer of £38k to the DFM earmarked reserve.

**The Revenue Outturn Position**

The annual budget for the year was set at £56.051m. The final outturn position shows net expenditure of £56.300m, giving a total overspend for the financial year of £248k. As set out in the Year End Usable Reserves and Provisions Outturn report (reported elsewhere on the agenda) it is proposed to transfer £38k to the DFM earmarked reserves, and to balance, draw down £286k from the general reserve.

The final outturn position differs from the forecast of £0.1m underspend in the November meeting due to the following:

- In March we received confirmation from MHCLG that the previously reported potential shortfall of £0.273m Section 31 grant relating to Business Rates Relief for 2019/20 would be paid following our meeting their criteria. The sum was received in March.
- the National Business Rates (NNDR) Levy fund surplus allocation income being paid to LFRS before the end of the financial year. The NNDR Levy Fund was created by the Government to fund business rates safety net grant payments from previously held back NNDR monies, any unused funds are now being redistributed, with LFRS receiving £53k. (We were notified of this at the end of February, with no prior indication).
- The national government exercise to audit the Section 31 grants in relation to Business Rates Reliefs for 2018/19 has now been completed, and as a result the Authority will receive a further £40k from Central Government in relation to this. (We received confirmation of this at the end of February, with no prior indication of this amount).

- Members will recall that we have previously reported that we had not included any costs of backdating pensionability of various allowances as we anticipated this being applicable in 2020/21. Since then, the Authority has made an offer to the representative bodies of backdating which, although still under discussion, we have included £0.6m of potential backdating costs in the year end outturn as presented.

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/<br>(Underspend) | Reason   |
|-------------------------------|----------------------------|--|
|                               | £'000                      |  |
| Service Delivery              | (174)                      | <p>The outturn underspend reflects:-</p> <ul style="list-style-type: none"> <li>• An additional £58k of grant being allocated to the USAR Team by Government, this announcement only being made after the budget was set;</li> <li>• The additional income generated at Preston due to the extension of the lease arrangement with NWS until September 2020, generating an additional £25k in 2019/20;</li> <li>• We have now had final confirmation of the backdated rates bills for Lancaster Fire Station during the build process, which have resulted in an underspend of £57k compared to original assumptions;</li> <li>• Underspends against the smoke detectors budget in line with the HFSC numbers being provided.</li> </ul> |
| Winter Hill                   | (109)                      | As previously reported, we anticipated claiming under Bellwin for the Winter Hill incident, however we received the funding via Section 31 grant and have been reimbursed £109k, the full cost of the incident.  |
| Training & Operational Review | (81)                       | The outturn reflects the drawdown of apprenticeship levy income for the wholtime firefighter recruits which was not originally budgeted due to uncertainties around the registration process to become a trainer-provider. This income has been included in the 2020/21 budget.  |
| Other Non-DFM                 | 551                        | <p>The overspend outturn reflects:</p> <ul style="list-style-type: none"> <li>• The budgeted funding gap of £0.5m, which was due to be met from a combination of in-year savings and draw down of reserves, which has been achieved within other areas of the budget as reported, hence the overspend against Non-DFM;</li> <li>• The additional £0.2m MRP payment identified at the time of setting the budget in February 2020, as previously reported;</li> <li>• Less the additional council tax collection fund surplus of £0.1m due from one of the billing authorities previously reported, and the additional £0.1m income in relation to business rates from MHCLG.</li> </ul>  |

|   |       |  |
|---|-------|--|
| Whole-time Pay (including Associate Trainers) | 429   | The final outturn position for wholetime pay includes the position as previously reported, the £0.6m of potential costs of backdating pensionable allowances and various year-end adjustments for ad hoc payments such as overtime.<br>As a result of these the overall whole-time budget is overspent £429k.  |
| On-Call Pay                                   | 14    | The outturn reflects the increase in demand led ad-hoc payments in the final quarter, and the final cohort of On-Call recruits coming on line at the start of March.   |
| Support staff (less agency staff)             | (194) | The outturn underspend relates to vacant posts across various departments, which are in excess of the vacancy factor built into the budget as reported throughout the year. The majority of these vacancies had been undergoing recruitment, although recruitment of technical specialists in ICT and Knowledge Management continues to take longer. |
| Apprentice Levy                               | (22)  | 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 2019/20 and performance against this target: -

|   | Annual Target | Savings at end of Mar |
|---|---------------|-----------------------|
|   | £m            | £m                    |
| Staffing, including post reductions plus management of vacancies  | 1.046         | 1.412                 |
| Reduction in cleaning budget  | 0.030         | 0.030                 |
| Reduction in Fleet insurance budget   | 0.020         | 0.021                 |
| Reduction in Organisational Development budget  | 0.053         | 0.048                 |
| Reduction in Training Centre catering budget  | 0.025         | 0.033                 |
| Procurement savings (these are savings on contract renewals, such as energy, laundry of fire kit and the WAN contracts) | -             | 0.175                 |
| Balance – cash limiting previously underspent non pay budgets   | 0.038         | 0.038                 |
| <b>Total</b>  | <b>1.212</b>  | <b>1.757</b>          |

The performance exceeded the target for the year, largely due to savings in respect of staffing costs and procurement savings.

**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  | <i>Date</i> | Contact |
|--|-------------|---------|
|  |             |         |
| Reason for inclusion in Part II, if appropriate: |             |         |

| <b>BUDGET MONITORING<br/>STATEMENT MAR 2020</b> | <b>Total<br/>Budget</b> | <b>Actual<br/>Spend to<br/>Mar 20</b> | <b>Variance<br/>O/Spend<br/>(U/Spend)</b> | <b>Variance<br/>Pay</b> | <b>Variance<br/>Non-Pay</b> |
|---|-------------------------|---------------------------------------|---|-------------------------|-----------------------------|
|   | <b>£000</b>             | <b>£000</b>                           | <b>£000</b>                               | <b>£000</b>             | <b>£000</b>                 |
| <b>Service Delivery</b>                         |                         |                                       |   |                         |                             |
| Service Delivery                                | 33,902                  | 34,342                                | 440                                       | 614                     | (174)                       |
| Winter Hill                                     | -                       | (109)                                 | (109)                                     | -                       | (109)                       |
| Training & Operational Review                   | 3,729                   | 3,679                                 | (49)                                      | 32                      | (81)                        |
| Control   | 1,191                   | 1,191                                 | (0)                                       | -                       | (0)                         |
| Youth Engagement (inc PTV)                      | 22                      | 14                                    | (8)                                       | -                       | (8)                         |
| Special Projects                                | 13                      | 5                                     | (8)                                       | -                       | (8)                         |
| <b>Strategy &amp; Planning</b>                  |                         |                                       |   |                         |                             |
| Fleet & Technical Services                      | 2,696                   | 2,709                                 | 13  | 27                      | (13)                        |
| Information Technology                          | 2,550                   | 2,443                                 | (107)                                     | (66)                    | (41)                        |
| Service Development                             | 4,221                   | 3,913                                 | (308)                                     | (290)                   | (17)                        |
| <b>People &amp; Development</b>                 |                         |                                       |   |                         |                             |
| Human Resources                                 | 703                     | 694                                   | (9)                                       | (5)                     | (4)                         |
| Occupational Health Unit                        | 268                     | 206                                   | (61)                                      | (4)                     | (57)                        |
| Corporate Communications                        | 310                     | 280                                   | (31)                                      | (18)                    | (13)                        |
| Safety Health & Environment                     | 225                     | 229                                   | 5   | 3                       | 1                           |
| <b>Corporate Services</b>                       |                         |                                       |   |                         |                             |
| Executive Board                                 | 1,103                   | 1,054                                 | (49)                                      | (50)                    | 1                           |
| Central Admin Office                            | 789                     | 745                                   | (44)                                      | (40)                    | (4)                         |
| Finance   | 140                     | 152                                   | 12  | 9                       | 3                           |
| Procurement                                     | 993                     | 957                                   | (36)                                      | (26)                    | (10)                        |
| Property  | 1,974                   | 1,997                                 | 23  | (12)                    | 35                          |
| External Funding                                | -                       | 0                                     | 0   | 0                       | 0                           |
| Pay   |                         |                                       |   |                         |                             |
| <b>TOTAL DFM EXPENDITURE</b>                    | <b>54,828</b>           | <b>54,503</b>                         | <b>(324)</b>                              | <b>175</b>              | <b>(499)</b>                |
| <b>Non DFM Expenditure</b>                      |                         |                                       |   |                         |                             |
| Pensions Expenditure                            | 1,313                   | 1,283                                 | (30)                                      | -                       | (30)                        |
| Other Non-DFM Expenditure                       | (90)                    | 513                                   | 603                                       | 52                      | 551                         |
| <b>NON-DFM EXPENDITURE</b>                      | <b>1,223</b>            | <b>1,796</b>                          | <b>573</b>                                | <b>52</b>               | <b>521</b>                  |
| <b>TOTAL BUDGET</b>                             | <b>56,051</b>           | <b>56,300</b>                         | <b>248</b>                                | <b>227</b>              | <b>21</b>                   |