

**LANCASHIRE COMBINED FIRE AUTHORITY
RESOURCES COMMITTEE**

Meeting to be held on 23 September 2020

**FINANCIAL MONITORING 2020/21
(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 2020/21 revenue and capital budgets and performance against savings targets.

Recommendation

Resources Committee is requested to note and endorse the financial position.

Information

Revenue Budget

The overall position as at the end of June shows an underspend of £0.3m, largely as a result of reduced spend during the first quarter, due to the Covid-19 pandemic as planned expenditure was not progressed. This position has continued throughout quarter two, and although we are currently discussing with budget holders what impact this could have on their end of year budgetary position, clearly this will have significant impacts on the outturn position for 2020/21.

In terms of the year end forecast, an initial forecast based on trends and budget holder discussions is being worked through and will be reported at the next meeting.

The year to date positions within individual departments are 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) to 30 June	Reason
	£'000	
Service Delivery	(68)	The underspend for the first quarter largely relates to the reduced activity levels, in particular for car allowances and smoke detector purchases.
Covid-19	-	We received a further £1.1m S31 grant in May 2020, in addition to the £0.3m received in March, taking the total funding received to £1.4m. We have spent £0.9m to date, comprising PPE, cleaning and decontamination equipment and ICT hardware/software. The balance is held in an earmarked reserve.

Training & Operational Review	(30)	The current underspend largely relates to training courses expected to take place during the quarter, it seems unlikely that these can be caught up before the end of the financial year.
Information Technology	(90)	In addition to the pandemic impacts on business as usual spending, savings from the phased introduction of the new Wide Area Network occur in the quarter where we have the first three months service free of charge whilst the network is fully implemented.
Property	(95)	The underspend position relates to planned premises repairs and maintenance, which could not be carried out and this has continued into the second quarter.
Wholetime Pay (including associate trainers)	(50)	<p>In anticipation of reduced staffing levels due to the pandemic 16 existing On Call staff who had been successful in the Wholetime recruitment campaign and who were initially due to commence on the recruits course in September were allowed to commence riding Wholetime appliances in May. This will cease once they commence on the recruits course in September. The additional cost of this is offset by additional 8 early leavers since the budget was initially set.</p> <p>In addition vacant posts are effectively budgeted at Firefighter rates, however there are a number of vacancies within TOR, Fire Safety and Service Development at higher grades, resulting in a further underspend.</p>
RDS Pay	135	The overspend reflects activity related payments for the first three months, which can be attributed to several moorland fire incidents during the period, a 36% higher activity level than the corresponding quarter last year. We will monitor the situation over the coming months and update in due course.
Support staff (less agency staff)	(51)	<p>The underspend to date relates to vacant posts across various departments, which are in excess of the vacancy factor built into the budget. Due to the cessation of recruitment activity due to the pandemic, it is unknown when these posts might be filled, however it is clear there will be an underspend by the end of the financial year.</p> <p>Note agency staff costs to date of £16k are replacing vacant support staff roles, this accounts for less than 1% of total support staff costs.</p> <p>Note – following on from November 2019 Resources Committee approval, in April we prepaid three years' worth of LGPS employers contributions in order to save £36k over the three year period. These will be spread over the three years for budget monitoring purposes.</p>

The Home Office has issued a guidance note on the treatment of 'Immediate Detriment' cases in respect of the Firefighters' Pension Scheme arising from the McCloud / Sargeant ruling. This guidance sets out the basis when an employer will be allowed to have their pension calculated on the basis of both the 92 scheme and the 2015 scheme and will be allowed to opt for the most beneficial outcome. The details within the guidance are still being reviewed/consulted on however it is worth highlighting that within the guidance it states that It will be for each employing Fire and Rescue Authority (FRA) to recalculate the contributions that they, as the employer, should have paid under the legacy scheme for each member and pay any shortfall into their pension fund account. Hence for anyone who has previously transferred into the 2015 scheme but who now retires as if from the 92 scheme there will be a shortfall in employer (and employee) contributions. It had always been assumed that any such shortfall would be covered under the next scheme valuation or would be covered by additional grant from the Government. Potentially this position has changed and this could result in a significant additional cost in the current and future years.

Capital Budget

The Capital budget for 2020/21 was agreed at £10.8m. As highlighted in the Capital Outturn Report (elsewhere on the agenda) an additional £0.6m of slippage is required, giving a revised programme of £11.4m.

Following a review of the anticipated cost and utilisation of the proposed Area Based Training Hub we have agreed to put this project on hold, as it was felt that there was limited evidence that on-going usage would warrant a £0.5m investment. As such the current Programme for 2020/21 stands at £10.9m.

There has been very little spend against the resultant 2020/21 programme, just £0.4m, as departments have been dealing with the impacts of the ongoing pandemic. We are currently reviewing the impact of the pandemic on anticipated in-year spend, with a view to reporting this at the next Committee meeting, but it is clear that there will be significant slippage again this year. The current position against the programme is set out below, with further details in Appendix 2: -

Pumping Appliances	<p>The budget allows for the remaining stage payments for 7 pumping appliances for the 2018/19 programme, the phased delivery of which are anticipated between August and October.</p> <p>In addition, the budget allows for the purchase of 3 pumping appliances for the 2019/20 programme, and 2 pumping appliances for the 2020/21 programme, all of which have been delayed pending consideration of the specification.</p>
Other vehicles	<p>This budget allows for the replacement of various operational support vehicles, the most significant of which are:</p> <ul style="list-style-type: none"> Two Command Support Units (CSU), the requirements are still being finalised with Service Delivery prior to undertaking a procurement exercise;

	<ul style="list-style-type: none"> • One Water Tower; • One Aerial Ladder Platform; • One all-terrain vehicle <p>In addition to these, the budget allows for various support vehicles which are reviewed prior to replacement.</p>
Operational Equipment/Future Firefighting	<p>This budget allows for completion of the kitting out of three reserve pumping appliances, in addition to providing a £50k budget for innovations in fire-fighting to be explored.</p> <p>This budget also allows for the progression of CCTV on pumping appliances.</p>
Building Modifications	<p>This budget allows for:</p> <ul style="list-style-type: none"> • Provision of a new workshop, BA Recovery and Trainer facility at STC. We have completed design work and are in discussion with Chorley BC relating to planning permissions. We have selected a procurement framework and have appointed a contractor/partner to take designs forward to tender; • Explore NWAS co-location at Morecambe; • Based on the latest stock condition survey, several stations have had identified upgrades to dormitory and shower facilities, the actual timing of works will vary depending on Property department capacity to deliver the works; • We have included budgetary provision for a drill tower replacement plan, and will seek to replace a notional 2 towers per year over the 5 year programme.
IT systems	<p>The majority of the capital budget relates to the national Emergency Services Mobile Communications Project (ESMCP), to replace the Airwave wide area radio system and the replacement of the station end mobilising system. The ESMCP project budget, £1.0m, is offset by anticipated grant, however the timing of both expenditure and grant is dependent upon progress against the national project. This national project has suffered lengthy delays to date.</p> <p>The balance of the budget relates to the replacement of various systems, in line with the ICT asset management plan. Whilst procurement work is on-going to facilitate the replacement of some of these systems in the current year, we are still reviewing the need to replace others. Hence further updates on progress will confirm which replacements are being actioned in the current year and anticipated spend profiles.</p>

The committed costs to date will be met by revenue contributions.

Delivery against savings targets

The following table sets out the savings targets identified during the budget setting process, hence removed from the 2020/21 budget, and performance to date against this target: -

	Annual Target	Target at end of June	Savings at end of June
	£m	£m	£m
Staffing, including post reductions plus management of vacancies	0.054	0.014	0.014
Draw down apprenticeship levy	0.215	0.054	0.051
Reduction in general reserve & unidentified savings target budgets	0.240	0.060	0.060
Reduction in Property utilities/rates budgets	0.085	0.021	0.015
Reduction in smoke detector purchase budgets	0.033	0.008	0.038
Procurement savings (these are savings on contract renewals, such as energy and laundry of fire kit contracts)	0.020	0.005	0.024
Balance – cash limiting previously underspent non pay budgets	0.093	0.023	0.023
Total	0.740	0.185	0.225

The performance to date is ahead of target, largely due to savings in respect of smoke detectors and Procurement savings. It is anticipated that we will meet our savings 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 JUN 2020	Total Budget	Budgeted Spend to Jun 2020	Actual Spend to Jun 2020	Variance O/Spend (U/Spend)	Variance Pay	Variance Non- Pay
	£000	£000	£000	£000	£000	£000
Service Delivery						
Service Delivery	35,170	9,145	9,306	161	228	(68)
Covid-19	-	-	0	0	-	0
Training & Operational Review	3,782	1,040	951	(89)	(58)	(30)
Control	1,214	1,214	1,214	0	-	0
Youth Engagement (inc PTV)	22	157	154	(3)	-	(3)
Special Projects	13	3	1	(2)	-	(2)
Strategy & Planning						
Fleet & Technical Services	2,822	832	813	(19)	(6)	(13)
Information Technology	2,626	386	295	(90)	(1)	(90)
Digital Transformation	307	49	24	(24)	(24)	-
Service Development	4,284	1,119	1,042	(78)	(80)	3
People & Development						
Human Resources	651	154	152	(2)	3	(5)
Occupational Health Unit	241	57	44	(14)	(4)	(10)
Corporate Communications	314	77	48	(29)	(14)	(15)
Safety Health & Environment	234	51	50	(1)	2	(3)
Corporate Services						
Executive Board	1,058	296	300	4	2	2
Central Admin Office	807	194	167	(27)	(24)	(4)
Finance	142	35	39	4	4	0
Procurement	892	433	439	6	10	(3)
Property	1,831	515	407	(108)	(13)	(95)
External Funding	-	(19)	(21)	(2)	0	(2)
Pay						
TOTAL DFM EXPENDITURE	56,409	15,736	15,424	(312)	26	(338)
Non DFM Expenditure						
Pensions Expenditure	1,309	543	545	2	-	2
Other Non-DFM Expenditure	(379)	(2,508)	(2,498)	9	2	7
NON-DFM EXPENDITURE	930	(1,965)	(1,954)	12	2	10
TOTAL BUDGET	57,339	13,771	13,471	(300)	28	(328)

APPENDIX 2

CAPITAL BUDGET 2020/21	Revised Programme	Resources Sept	Revised Programme	Committed Exp
Vehicles				
Pumping Appliance	1.398	-	1.398	0.318
Other Vehicles	2.280	-	2.280	0.054
	3.678	-	3.678	0.372
Operational Equipment				
Operational Equipment	0.177	-	0.177	-
	0.177	-	0.177	-
Buildings Modifications				
STC Workshop	4.200	-	4.200	0.015
NWAS Co-location - Morecambe	0.132	-	0.132	-
Area training hub - Morecambe	0.468	(0.468)	-	-
Enhanced station facilities	0.625	-	0.625	-
Drill tower replacements	0.200	-	0.200	-
	5.625	(0.468)	5.157	0.015
ICT				
IT Systems	1.895	-	1.895	-
	1.895	-	1.895	-
Total Capital Requirement	11.375	(0.468)	10.907	0.387
Funding				
Capital Grant	1.000	-	1.000	-
Revenue Contributions	2.150	-	2.150	0.387
Earmarked Reserves	-	-	-	-
Capital Reserves	8.225	(0.468)	7.757	0.000
Total Capital Funding	11.375	(0.468)	10.907	0.387