

**LANCASHIRE COMBINED FIRE AUTHORITY  
RESOURCES COMMITTEE**

Meeting to be held on 7 July 2021

**YEAR END REVENUE OUTTURN 2020/21  
(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 £363k.

**Recommendation**

The Committee is asked to note and endorse the outturn position on the 2020/21 revenue budget, and the associated transfer of £15k to the DFM earmarked reserve and a contribution of £348k to the capital funding reserve.

**The Revenue Outturn Position**

The annual budget for the year was set at £57.339m. The final outturn position shows net expenditure of £56.976m, giving a total underspend for the financial year of £0.363m. Which is broadly in line with previous forecasts.

As set out in the Year End Usable Reserves and Provisions Outturn report (reported elsewhere on the agenda) it is proposed that: -

- £15k is transferred to the DFM earmarked reserve;
- given the Authority's current general fund balance stands at £6.0m and the scale of our capital programme, the remaining balance of £348k is transferred into the capital funding reserve, reducing future borrowing requirement.

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	Over/ (Under) Spend	Reason
	£'000	
Service Delivery	(134)	As previously reported the underspend relates to the reduced activity levels, in particular for car allowances/mileage due to remote working during

		<p>the pandemic, however the position allows for the proposed transfer of the following into earmarked reserves, for use in the next financial year:</p> <ul style="list-style-type: none"> <li>• £104k for unspent smoke detector purchases;</li> <li>• £34k for spend on an USAR training prop, delayed by the pandemic.</li> </ul>
Protection Transformation	-	<p>The Protection Transformation department was created as a result of the Authority being able to access £310k in grant from the Home Office to support our protection work in the wake of the Grenfell tragedy. We have transferred £181k of this into an earmarked reserve, reflecting the late allocation of funding and the difficulty in spending this in-year. We anticipate utilising all of this carry forward, and the 2021/22 grant in the new financial year.</p>
Covid-19	-	<p>We received total funding of £1.6m, and have spent £1.3m to date, with the balance being held in an earmarked reserve.</p> <p>The spend to date is as follows:</p> <ul style="list-style-type: none"> <li>• Additional staff costs £0.3m;</li> <li>• Cleaning and decontamination supplies £0.2m;</li> <li>• Remote working equipment £0.2m;</li> <li>• PPE £0.6k.</li> </ul> <p>It is expected that any further costs associated with the ongoing pandemic will be met from this fund. As reported above, we will transfer £0.1m of underspends in relation to savings against the Fleet &amp; Technical Services budget in relation to the reduced use of vehicles during the pandemic.</p>
Youth Engagement	(20)	<p>This budget includes both the Prince's Trust activities and the Fire Cadets units. Prince's Trust achieved a small surplus of £50k which was transferred into earmarked reserves to meet future running costs. Fire cadet units have been running remotely since last March, and the underspend shown of £20k reflects savings within that budget.</p>
Training & operational review	(143)	<p>The final year end underspend is slightly higher than anticipated reflecting due to the timing of courses and reflects the transfer of £92k into earmarked reserves, in relation to training courses and training prop maintenance both of which were delayed due to the pandemic.</p>
Fleet & Technical Services	(71)	<p>The final underspend is slightly lower than previously forecast but still relates to vehicle repairs and maintenance, where the anticipated (and budgeted) increases in the hourly rates charged by LCES have been mitigated thus far by careful management and scrutiny of repairs</p>

		<p>passed to LCES, with use of alternative contractors where cost effective to do so. In addition, we benefitted from free fuel offered by BP to emergency services during the year, and there has also been a general reduction in spend on fuel and tyres.</p> <p>The position allows for the transfer of £50k into earmarked reserves in relation to unspent equipment R&amp;D budget, and the transfer of £0.1m into the Covid fund as referred to earlier.</p>
Property	7	<p>All non-essential maintenance was put on hold in quarter one, and was gradually re-instated over the course of the year. However, this meant that maintenance requirements were pushed back into the following year and hence the position reflects the transfer of £189k into earmarked reserves in relation to backlog planned maintenance.</p>
Non DFM	792	<p>As previously reported this reflects the £440k funding gap identified at the time of setting the budget in February 2020, and the additional £341k RCCO approved during the year.</p>
Wholetime Pay (including associate trainers)	(804)	<p>As previously reported the underspend is attributable to reduced staffing costs, with early retirements and resignations resulting in average of 18 vacant wholetime posts throughout the course of the year.</p>
On-Call Pay	180	<p>The overspend is in line with previous forecasts, reflecting higher levels of activity payments</p>
Support staff (less agency staff)	(10)	<p>The underspend relates to vacant posts across various departments, which are in excess of the vacancy factor built into the budget. The underspend position arises due to the initial cessation of recruitment activity due to the pandemic.</p> <p>Note agency staff costs to date of £23k are replacing vacant support staff roles, this accounts for less than 0.5% of total support staff costs.</p>

## Delivery against savings targets

The following table sets out the target level of efficiencies required in 2020/21 and performance against this target: -

	Annual Target	Savings at end of Mar
	£m	£m
Staffing, including post reductions plus management of vacancies	0.054	0.711
Draw down apprenticeship levy	0.215	0.152
Reduction in general reserve & unidentified savings target budgets	0.240	0.240
Reduction in Property utilities/rates budgets	0.085	0.019
Reduction in smoke detector purchase budgets	0.033	0.033
Procurement savings (these are savings on contract renewals, such as energy and laundry of fire kit contracts)	0.020	0.098
Balance – cash limiting previously underspent non pay budgets	0.093	0.093
<b>Total</b>	<b>0.740</b>	<b>1.346</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 STATEMENT MAR 2021</b>	<b>Total Budget</b>	<b>Actual Spend to Mar 2021</b>	<b>Variance O/Spend (U/Spend)</b>	<b>Variance Pay</b>	<b>Variance Non-Pay</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Service Delivery</b>					
Service Delivery	35,142	34,669	(473)	(339)	(134)
Protection Transformation	-	-	-	-	-
Covid-19	-	-	-	-	-
Control	1,214	1,214	-	-	-
Youth Engagement (inc PTV)	22	2	(20)	-	(20)
Special Projects	13	20	7	-	7
<b>Strategy &amp; Planning</b>					
Service Development	4,297	4,006	(290)	(273)	(18)
Training & Operational Review	3,782	3,658	(124)	19	(143)
Fleet & Technical Services	2,775	2,703	(72)	(1)	(71)
Information Technology	2,626	2,588	(38)	(9)	(28)
Digital Transformation	307	266	(42)	(42)	-
<b>People &amp; Development</b>					
Human Resources	651	670	19	15	4
Occupational Health Unit	241	225	(15)	10	(25)
Corporate Communications	320	292	(27)	(21)	(7)
Safety Health & Environment	234	235	1	9	(8)
<b>Corporate Services</b>					
Executive Board	1,058	997	(61)	(29)	(31)
Central Admin Office	807	704	(103)	(91)	(12)
Finance	142	155	13	10	3
Procurement	927	983	56	46	10
Property	1,831	1,828	(4)	(11)	7
External Funding	-	(8)	(8)	-	(8)
<b>Pay</b>					
<b>TOTAL DFM EXPENDITURE</b>	<b>56,389</b>	<b>55,208</b>	<b>(1,181)</b>	<b>(707)</b>	<b>(474)</b>
<b>Non DFM Expenditure</b>					
Pensions Expenditure	1,309	1,285	(24)	-	(24)
Other Non-DFM Expenditure	(359)	483	842	50	792
<b>NON-DFM EXPENDITURE</b>	<b>950</b>	<b>1,768</b>	<b>818</b>	<b>50</b>	<b>768</b>
<b>TOTAL BUDGET</b>	<b>57,339</b>	<b>56,976</b>	<b>(363)</b>	<b>(656)</b>	<b>293</b>