

Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on 06 July 2022

Year End Revenue Outturn 2021/22 (Appendix 1 refers)

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Table 1 Executive Summary and Recommendations

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 £331k.

Recommendation

The Committee is asked to note and endorse the outturn position on the 2021/22 revenue budget, and the associated transfer of this to the capital funding reserve.

The Revenue Outturn Position

The annual budget for the year was set at £58.175m. The final outturn position shows net expenditure of £57.844m, giving a total underspend for the financial year of £0.331m, 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 the full amount 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):-

Table 2 Details of current and forecast budget position by department

Area	Overspend/ (Underspend)	Reason
	£'000	
Service Delivery	(190)	The year end underspend is consistent with previous reports, relating to the reduced activity levels in the following areas: <ul style="list-style-type: none">Smoke detectors, in addition recent difficulties in the supply chain for smoke alarms are partially resolved, however a potential increase in costs has been identified which may impact final spend in year;

		<ul style="list-style-type: none"> Travel budgets, which are significantly underspent, it is expected that changing working practices for non-operational staff will mean reduced usage in the future therefore we have reflected this reduction in next years' budget.
Covid-19	18	<p>We have received total funding of £1.6m since March 2020. In addition, as previously reported, we have transferred £0.2m of travel/mileage budgets into this reserve to reflect savings in respect of differing working practices during the pandemic, resulting in total funding of £1.8m.</p> <p>As at the end of January we have fully utilised the £1.8m, as follows:</p> <ul style="list-style-type: none"> Additional staff costs £0.6m Additional cleaning £0.1m Consumable items £0.2m Remote working and video conferencing equipment £0.2m PPE £0.7m Total £1.8m
TOR	(196)	<p>The year end underspend is consistent with previous reports largely reflecting the position with apprentice levy income for wholtime recruits, which has seen an increase due to an increase in the base funding level and the co-investment income received in respect of these apprentices, once our own levy pot had been exhausted.</p>
Property	(237)	<p>The final outturn position is consistent with previous reports, with departmental capacity during the year limiting expenditure in-year. The recruitment of a second surveyor post midway through the year, mitigated the underspend in the second half of the year and will provide additional capacity to fully utilise our budget in 22/23.</p>
Non DFM	717	<p>Overall the final outturn position is broadly consistent with previous reports, reflecting the following:</p> <ul style="list-style-type: none"> the £0.3m funding gap identified at the time of setting the budget in February 2021; additional RCCO of £0.1m approved during the year as previously reported; the transfer of £0.5m into the PFI earmarked reserve, reflecting the confirmed inflation increase of 8%; the PFI re-financing gain of £0.2m; an additional £0.1m of section 31 grant reflecting the final position in respect of Business Rate Reliefs and Tax Income Guarantee Scheme relating to 20/21 collection fund shortfalls.
Wholtime Pay (including associate	180	<p>The final outturn position is consistent with previous reports, there have been significantly more early leavers than allowed for in the budget, and a shortfall in recruitment numbers, which is offset by the unbudgeted grey book pay award of 1.5%, and by</p>

trainer costs)		increased overtime costs, associated with covering vacancies and staff absences.
On Call Pay	(236)	The position within On-call staffing is underspent, with the unbudgeted pay award being more than offset by higher staff vacancies and lower ad hoc payments than budgeted.
Support staff (less agency staff)	(262)	The final outturn position is consistent with previous reports, with the current vacancy factor being circa 12%/13%, far in excess of budget. This is partly offset by the unfunded pay award for green book staff, and by the use of agency staff to cover some of the posts.
Apprentice Levy	(19)	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.

Grant Funding

The Authority receives specific grants from the Government in respect of various new initiatives. These are included in the revenue budget position shown above, with any unspent funding being carried forward as an earmarked reserve:

Table 3 Details of utilisation of specific government grants

	S31 Covid grant £000	Protection uplift £000	Building Risk Review £000	Accreditation £000	Grenfell Infra-structure £000	Pensions Admin £000	Efficiency £000
B/fwd	(382)	(105)	(40)	(35)	(83)	(94)	-
Grant received in year		(334)			-	(94)	(131)
Tfr in from budgets	(72)	-	-	-	-	-	-
Utilised	454	354	40	-	63	42	-
Bal Remaining	-	(85)	-	(35)	(20)	(145)	(131)

Delivery Against Savings Targets

The following table sets out the savings targets identified during the budget setting process, hence removed from the 2021/22 budget, and performance against this: -

Table 4 Details of performance against savings targets set for the current year

	Annual Target	Savings at Year End
	£m	£m
Staffing, including post reductions plus management of vacancies	0.058	0.394
Reduction in the vehicle R&M budget in line with contract management	0.095	0.095
Procurement savings	-	0.234
Balance – cash limiting previously underspent non pay budgets	0.026	0.026
Total	0.179	0.749

The performance was ahead of the annual target, largely due to staffing vacancies, plus savings on the procurement of several vehicles.

Business Risk

None

Environmental Impact

None.

Equality and Diversity Implications

None.

HR Implications

None.

Financial Implications

As set out in the report.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper:

Date:

Contact:

Reason for inclusion in Part 2 if appropriate: N/A

Appendix 1

Table 5 Budget Monitoring Statement

BUDGET MONITORING STATEMENT	Total Budget	Budgeted Spend to Mar 2022	Actual Spend to Mar 2022	Variance O/Spend (U/Spend)	Variance Pay	Variance Non-Pay
	£000	£000	£000	£000	£000	£000
Service Delivery						
Service Delivery	34,989	34,989	34,716	(273)	(83)	(190)
Prevention & Protection	2,647	2,647	2,529	(119)	(71)	(47)
Covid-19	0	0	18	18	-	18
Control	1,298	1,298	1,298	0	-	0
Youth Engagement (inc Princes Trust)	22	22	10	(12)	-	(12)
Special Projects (ISAR)	13	13	(10)	(23)	-	(23)
Strategy & Planning						
Service Development	1,498	1,498	1,486	(12)	44	(56)
Training & Operational Review	4,015	4,015	3,701	(314)	(117)	(196)
Fleet & Technical Services	2,732	2,732	2,781	49	9	41
Information Technology	2,791	2,791	2,833	42	(43)	85
Digital Transformation	347	347	367	20	(8)	29
People & Development						
Human Resources	828	828	851	23	7	16
Occupational Health Unit	244	244	237	(7)	8	(16)
Corporate Communications	350	350	325	(25)	(25)	0
Safety Health & Environment	242	242	195	(48)	(24)	(23)
Corporate Services						
Executive Board	1,039	1,039	1,046	7	29	(22)
Central Admin Office	758	758	702	(56)	(51)	(4)
Finance	148	148	151	3	0	2
Procurement	945	945	951	6	37	(31)
Property	1,902	1,902	1,654	(248)	(11)	(237)
External Funding	-	-	2	2	1	1
Pay						
TOTAL DFM EXPENDITURE	56,808	56,808	55,844	(965)	(301)	(664)
Non DFM Expenditure						
Pensions Expenditure	1,287	1,287	1,240	(47)	-	(47)
Other Non-DFM Expenditure	80	80	761	681	(36)	717
NON-DFM EXPENDITURE	1,367	1,367	2,000	634	(36)	669
TOTAL BUDGET	58,175	58,175	57,844	(331)	(336)	5