

Lancashire Combined Fire Authority Resources Committee

Meeting to be held on 6 July 2022

Financial Monitoring 2022/23 (Appendices 1 and 2 refer)

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Table 1 Executive Summary and Recommendations

<p>Executive Summary</p> <p>The report sets out the current budget position in respect of the 2022/23 revenue and capital budgets.</p> <p>Recommendation</p> <p>The Committee is requested to note and endorse the financial position.</p>
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Revenue Budget

The overall position at the end of May is an overspend of £0.1m, largely as a result of price increases associated with energy and fuel.

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 as usual in the table below: -

Table 2 Details of current budget position by department

Area	Overspend/ (Under spend)	Reason
	£'000	
Fleet & Technical services	38	The increase in fuel prices is reflected in the overspend to date. The budget allowed for 12.5% increase in fuel costs, but the actual increase is significantly higher than this, approx. 50%, which equates to approx. £125k. In terms of usage it is too early to base any year end forecast on this, but clearly, we will continue to monitor the situation.
Property	94	The increase in energy prices is reflected in the overspend to date. The budget allowed for 25% increase in fuel costs, but the actual increase is significantly higher than this, approx. 100%, which equates to approx. £300k. In terms of usage it is too early to base any year end forecast on this, but clearly, we will continue to monitor the situation.

Wholetime Pay	(55)	The majority of the underspend is attributable to the slight shortfall in recruit numbers in April/May, 19 as opposed to 25. Retirements and leavers are broadly in line with forecast. In addition to this, there are some timing issues in terms of claims for overtime etc., which are particularly relevant in April, whereby we fully accrue for outstanding claims as part of the year end process but where there can be a delay in personnel submitting claims for these.
On Call Pay	14	This is broadly in line with budget.
Associate Trainers pay	13	Associate trainers are used to provide greater flexibility to match resource to demand, offsetting shortfall in trainer numbers and meet peak demands in activity at Training Centre. Expenditure is broadly in line with budget.
Support staff (less agency staff)	(1)	The budget was adjusted to take account of the increased level of vacant support post within the Service. Whilst a number of posts remain vacant, we are utilising agency staff to fill some of these, resulting in a broadly balanced budget.
Apprentice Levy	(4)	The apprentice levy is payable at 0.5% of each month's payroll costs. As can be seen expenditure is in line with budget.

It is worth reminding members that the budget allowed for 2% pay awards for both grey and green book personnel. The pay claims for both groups are significantly higher than this and hence the budget may come under increasing pressure from this, as well as the general cost of living increase.

Capital Budget

As reported elsewhere on the agenda, the capital budget for 2022/23 stands at £9.0m. There has been very little spend against the resultant programme, just £0.2m, mainly against Support Vehicles, as shown below, with further details in Appendix 2: -

Table 3 Details of current and forecast capital spend during the year by spend category

	Spend to 31 May	
	£m	
Operational vehicles	-	The budget allows for the replacement of various operational vehicles. We have already ordered 13 pumping appliances (7 this year and 6 next year) , 2 Command Units and an ALP, but these won't be delivered until much later in the year, hence no costs have been incurred to date.
Support vehicles	0.1	This budget allows for the replacement of various operational support vehicles, whilst some of these have already been delivered, the shortage of raw materials is affecting both the timeframe for delivery and the cost of vehicles, and hence this budget/timing may need adjusting during the year.

Operational Equipment	-	This budget allows for the piloting of CCTV on a number of pumping appliances and the replacement of light portable pumps, both of which have been ordered but again have not yet been delivered. In addition the budget allows for the replacement of cutting and extrication equipment where the project is in the early stages and where costs may change depending on the type of equipment purchased and whether this is a whole scale replacement or not.
Building Modifications	0.1	This budget allows for: <ul style="list-style-type: none"> • The replacement of 4 drill towers, where one tower, Blackpool, was completed in June, and where contracts have now been let for a further 2 towers, Tarleton and Bolton le Sands. • Enhanced facilities at Hyndburn fire stations, where a contract has been awarded • £0.2m in relation to fees associated with developing plans for the replacement of Preston Fire Station.
IT systems	-	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, hence is included within slippage into the next financial year. The balance of the budget relates to the replacement of various systems and ICT hardware, in line with the ICT asset management plan. Whilst no costs have been incurred in the year so far, it is worth highlighting that we have awarded contracts or are in the process of doing so for several of the systems, totalling over £1.0m of capital spend.
Total	0.2	

The costs to date will be met by revenue contributions.

We continue to see significant cost increases across various supply chains, and in particular in construction projects and this will affect some of the capital projects as they progress through the procurement stage. In addition, shortages of raw materials are more frequently being cited as reasons for delays in delivery of goods ordered, which may lead to further slippage.

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 4 Revenue Budget Monitoring Statement

BUDGET MONITORING STATEMENT	Total Budget	Budgeted Spend to May 2022	Actual Spend to May 2022	Variance O/Spend (U/Spend)	Variance Pay	Variance Non-Pay
	£000	£000	£000	£000	£000	£000
Service Delivery						
Service Delivery	36,113	6,449	6,484	35	70	(35)
Prevention & Protection	2,927	550	484	(67)	(56)	(10)
Covid-19	-	-	3	3	-	3
Control	1,346	336	345	9	-	9
Youth Engagement (inc Princes Trust)	52	(19)	(19)	(1)	-	(1)
Special Projects (ISAR)	13	2	9	7	-	7
Strategy & Planning						
Service Development	1,572	293	313	20	(7)	27
Training & Operational Review	4,306	1,125	1,031	(94)	(64)	(30)
Fleet & Technical Services	2,709	632	667	35	(3)	38
Information Technology	2,806	548	545	(3)	(5)	2
Digital Transformation	537	70	82	12	4	8
People & Development						
Human Resources	880	139	167	28	2	26
Occupational Health Unit	242	38	45	6	(5)	12
Corporate Communications	341	54	61	7	10	(3)
Safety Health & Environment	242	34	29	(5)	(7)	2
Corporate Services						
Executive Board	1,064	225	230	5	6	(1)
Central Admin Office	866	139	113	(25)	(11)	(14)
Finance	152	24	24	(0)	(1)	1
Procurement	863	139	171	32	30	2
Property	2,183	459	555	96	2	94
External Funding	3	10	5	(5)	(0)	(5)
Pay						
TOTAL DFM EXPENDITURE	59,215	11,250	11,342	93	(37)	129
Non DFM Expenditure						
Pensions Expenditure	1,351	225	238	13	-	13
Other Non-DFM Expenditure	2,526	536	536	0	(1)	2
NON-DFM EXPENDITURE	3,877	761	774	13	(1)	14
TOTAL BUDGET	63,092	12,011	12,117	106	(38)	144

Table 5 Capital Budget Monitoring Statement

CAPITAL BUDGET 2022/23	Revised Prog	Actual Spend to May 22
Vehicles		
Operational Vehicles	3.125	-
Support Vehicles	0.792	0.095
	3.917	0.095
Operational Equipment		
Operational Equipment	1.800	0.010
	1.800	0.010
Buildings Modifications		
STC	0.036	0.002
Enhanced station facilities	0.150	0.008
Preston Rebuild	0.200	-
SHQ Relocation	-	-
Drill tower replacements	0.564	0.032
	0.950	0.042
ICT		
IT Systems	2.365	-
	2.365	-
Total Capital Requirement	9.032	0.146
Funding		
Capital Grant	1.000	-
Revenue Contributions	4.200	0.146
Earmarked Reserves	0.254	-
Capital Reserves	3.578	0.000
Total Capital Funding	9.032	0.146