

Lancashire Combined Fire Authority Resources Committee

Meeting to be held on 29th March 2023

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 are requested to</p> <ul style="list-style-type: none">• note and endorse the current financial position• note the anticipated year end forecast overspend of between £1.5m and £1.75m.
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Revenue Budget

The overall position at the end of January is an overspend of £1.3m, largely as a result of unfunded pay awards and inflationary pressures.

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: -

Table 2 Details of current budget position by department

Area	Overspend/ (Under spend) £'000	Reason
Fleet & Technical Services	174	As reported in November, fuel has continued to overspend to £124k to date due to the sharp increase in fuel costs early this year. We are now seeing a slight reduction in trend as fuel prices start to decrease. An increase in mileage post pandemic has also attributed to increased costs. Repair costs are overspent to date by £70k due to inflationary pressures. It is projected both these areas will continue to overspend.
Information Technology	44	The overspend has reduced since November mainly due to timing of expenditure. Several software licences were prepaid earlier in the year levelling out in the latter part. There has been a general increase in costs, again reflecting inflationary pressures.

Property	583	Increased energy costs continue to cause significant overspend totalling £407k to date, however costs are not as severe as initially anticipated following the introduction of the business support scheme. Inflationary pressures continue to cause the maintenance costs to overspend, accounting for the balance of the overspend.
Pensions	(73)	The underspend on pensions is due to fewer individuals retiring on ill health than budgeted. To date there is just one retirement due to ill health.
Non DFM	(585)	The underspend is due to an increase in interest rates resulting in receiving an additional £400k interest to date. Also we have been awarded £102k VAT back on purchase of operational vehicles, having successfully challenged HMRC.
Wholetime Pay	857	Pay has significantly increased by £1m since November reporting due to the agreed 7% pay award for grey book, considerably higher than the budgeted 2%. Retirements and leavers are higher than anticipated, with this and a slight shortfall in recruit numbers being offset by increased overtime.
On Call Pay	5	This is broadly in line with budget having reflected the pay award.
Support staff (less agency staff)	110	The current position reflects the green book pay award, which was £1,925 per full time equivalent. This is significantly higher than the budgeted allowance of 2% and has increased costs over and above budget by approx. £400k by year end (please note at the time of writing the previous report we had assumed that the pay award would equate to approx. 5%, however based on our actual staff mix in year the actual costs are significantly higher at approx. 6.5%). This is partly offset by vacancies within the year, where recruitment has continued to be challenging, reflecting the employment market. And where we have continued to utilise temporary/agency staff to cover some key posts.

Inflationary pressures and pay awards will continue to impact the budget for the remainder of the year, resulting in a year end overspend which we anticipate being approx. £1.5m to £1.75m. (We have not yet finalised this as we have moved onto a new finance system, provided by Lancashire County Council, which has resulted in some downtime and some challenges in extracting information from the system.)

As such we will need to utilise reserves to offset this. We currently hold £6.0m of general reserves, having agreed a minimum level of £3.75m, and as such we have sufficient reserves to meet this.

Capital Budget

Following the slippage previously agreed at the last Resources Committees the capital budget now stands at £3.3m. Spend to date is just £1.3m.as set out below, with further details in Appendix 2: -

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

	Revised Programme	Spend to 31 January	
	£m	£m	
Operational vehicles	0.9	-	As reported previously whilst we have ordered a significant number of operational vehicle (13 pumping appliances, 2 Command Units and an ALP) lead times are such that we have not incurred any expenditure in the year to date. Whilst we have agreed a staged payment profile for these vehicles it appears increasingly unlikely that we will incur any such costs in year
Support vehicles	0.4	0.3	This budget allows for the replacement of various operational support vehicles, whilst some of these have already been delivered, the shortage of raw materials has affected both the timeframe for delivery and the cost of vehicles. Again it appears increasingly unlikely that we will spend all of the allocated funding in year.
Operational Equipment	0.3	0.1	Spend to date is attributable to the replacement of light portable pumps. We anticipate spending an additional £0.2m on CCTV for pumping appliances in-year.
Building Modifications	0.8	0.6	Spend to date is associated with:- <ul style="list-style-type: none"> Enhanced facilities at Hyndburn fire stations, where works have been completed, at a cost of £0.2m The replacement of drill towers, where Blackpool, Tarleton and Bolton le Sands have all been completed, at a cost of £0.4m
IT systems	0.9	0.3	Expenditure to date relates to a combination of replacement Vehicle Mounted Data Systems on appliances, the purchase of new Coverage Software, to aid with dynamic mobilizing, and the purchase of Incident Command Software.
Total	3.3	1.3	

It is clear that we will not fully utilise the 22/23 capital programme and hence will need to slip funding into 23/24 to meet future costs, the extent of this will be reported as part of our year end capital outturn.

The costs to date will be met by revenue contributions, as reflect in the revenue budget year end forecast.

It is still worth highlighting that 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.

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 January 2023	Revised Budget	Revised YTD Bud	Year to Date Total	Year to Date Variance	Variance Pay	Variance Non-Pay
	£000	£003	£007	£008	£009	£010
Service Delivery						
Service Delivery	36,062	29,867	30,750	884	959	(75)
Prevention & Protection	2,972	2,655	2,586	(68)	(123)	55
Covid-19	-	-	(1)	(1)	-	(1)
Control	1,346	1,346	1,414	69	-	69
Youth Engagement (inc Princes Trust)	52	67	77	10	-	10
Special Projects (ISAR)	13	11	15	5	-	5
Strategy & Planning						
Service Development	1,552	1,293	1,407	114	153	(38)
Training & Operational Review	4,429	3,775	3,703	(72)	(103)	31
Fleet & Technical Services	2,709	2,270	2,483	213	40	174
Information Technology	2,860	2,235	2,311	77	33	44
Digital Transformation	562	459	491	32	32	0
People & Development						
Human Resources	903	747	795	48	13	35
Occupational Health Unit	242	203	217	14	20	(6)
Corporate Communications	331	273	320	47	48	(1)
Safety Health & Environment	248	210	190	(20)	(8)	(11)
Corporate Services						
Executive Board	1,064	895	925	30	32	(3)
Central Admin Office	866	721	619	(102)	(94)	(9)
Finance	166	131	153	21	19	2
Procurement	988	838	917	80	48	32
Property	2,179	1,828	2,433	605	22	583
External Funding	3	(5)	(5)	0	(1)	1
Pay						
TOTAL DFM EXPENDITURE	59,544	49,816	51,802	1,986	1,089	897
Non DFM Expenditure						
Pensions Expenditure	1,351	1,126	1,053	(73)	-	(73)
Other Non-DFM Expenditure	2,122	(2,269)	(2,868)	(599)	(14)	(585)
NON-DFM EXPENDITURE	3,473	(1,143)	(1,815)	(672)	(14)	(658)
TOTAL BUDGET	63,017	48,673	49,987	1,314	1,075	239

Table 5 Capital Budget Monitoring Statement

CAPITAL BUDGET 2022/23	Revised Prog	Spend to 31 January 23
Vehicles		
Operational Vehicles	0.924	-
Support Vehicles	0.431	0.286
	1.355	0.286
Operational Equipment		
Operational Equipment	0.300	0.149
	0.300	0.149
Buildings Modifications		
STC	0.036	0.007
Enhanced station facilities	0.150	0.152
Preston Rebuild	-	-
Drill tower replacements	0.564	0.433
	0.750	0.592
ICT		
IT Systems	0.866	0.306
	0.866	0.306
Total Capital Requirement	3.271	1.333
Funding		
Capital Grant	-	-
Revenue Contributions	3.271	1.333
Earmarked Reserves	-	-
Capital Reserves	-	-
Total Capital Funding	3.271	1.333