

Lancashire Combined Fire Authority

Resources Committee

Meeting to be held on 27 September 2023

Financial Monitoring 2023/24 (Appendices 1 and 2 refer)

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Executive Summary

The report sets out the current budget position in respect of the 2023/24 revenue and capital budgets.

Recommendation

The Committee is requested to:

- note and endorse the financial position; and
- approve slippage in the capital programme of £0.9m to 2024/25.

Revenue Budget

Lancashire Fire and Rescue Service's 2023/24 revenue budget has been set at £68.493m. The budget profiled to the end of July 2023 is £22.017m. Expenditure to the end of July 2023 is £22.295m, an overspend on the year-to-date budget of £0.176m. The overspend position is further broken down between pay and non-pay budgets; an overspend of £0.014m on pay and a £0.190m overspend on non-pay activities.

The year-to-date positions within all departmental budgets are set out in Appendix 1, with major variances of note shown separately in the table overleaf:

Area £'m	Overspend/ (Under spend)	Reason
Pay	(0.014)	<p>The year-to-date position is broadly breaking even albeit there are some variances within the position to date:</p> <ul style="list-style-type: none">• The Service has met its legal responsibilities in relation to the Bear Fulton legal case regarding holiday pay. This has resulted in a payment of £0.285m for backdated costs, that has largely been accrued for in previous years, and ongoing costs of £0.011m per month resulting in year-to-date pressure of £0.057m. There is a forecast pressure of £0.140m that will need to be included in the 2024/25 budget.

Area £'m	Overspend/ (Under spend)	Reason
		<ul style="list-style-type: none"> • The Emergency Cover Review (ECR) approved by the Authority resulted in an overall increase of 8 Wholetime Firefighter across the Service and ongoing efficiency savings. There is currently an in-year shortfall of £0.200m against the savings profile due to timing delays but overall the ECR is on target. • Through improvement in the management of overtime arrangements the service has seen a significant reduction in overtime costs in the period to date that is offsetting the above pressures.
Fleet and technical Services - Non Pay	0.052	The year-to-date position is a small overspend that is broadly consistent with reporting in May 23; with higher vehicle insurance premiums that are experienced across the market and higher than budgeted fuel costs.
Apprenticeship Levy Funding – Non Pay	0.100	Total Apprenticeship Levy income for the year is forecast to be lower than budgeted resulting in an annual pressure of approximately £0.300m; this is due to a reduction in the number of recruits meeting the eligibility criteria for funding. On call fire fighters and recruits with significant prior learning do not attract levy funding. This may require an adjustment to the income budget for 2024/25 if this trend is expected to continue.
Training Centre Courses – Non Pay	0.070	The Training Centre Courses overspend is mainly due to associate trainers and external training course providers. This pressure is partly offset by vacancies however the service is putting in place arrangements to try to increase the number of internal trainers.
Service Delivery / Heads of Service Delivery – Non Pay	(0.047)	<p>There is a (£0.160m) underspend on National Non Domestic Rates (NNDR) due to rebates received for Eastern and Pennine stations resulting from surveyor revaluations.</p> <p>This saving however is partly reduced by an overspend of £0.078m on protective equipment, including the roll out of wildfire kit and Urban Search And Rescue (USAR) kit.</p>

Area £'m	Overspend/ (Under spend)	Reason
Fire Link Grant	0.025	This Home Office grant which supports expenditure on data costs associated with using Airwave service radios was budgeted at (£0.200m). The Home Office has advised authorities that the grant is to decrease by 20% per annum, ending in 2026/27, resulting in a £0.025m year to date pressure, and full year pressure of £0.050m. This pressure will need to be included in the 2024/25 budget.

Capital Budget

The Capital Programme for 2023/24 is £11.7m, after allowing for the year end slippage agreed at the last Resources Committee meeting. Spend to date is £2.5m which is predominantly on pumping appliances as set out in Appendix 2.

We have reviewed the current year end forecasts and are currently anticipating an in year spend of £10.9m. This will lead to slippage of £0.9m. Details of capital projects are outlined in the table:

Area	Budgeted Items
Operational Vehicles Budget £5.991m Forecast £5.795m Slippage £0.301m	The budget allows for the remaining stage payments for 10 pumping appliances purchased in previous financial years. In addition, the budget allows for the first stage payments of the 3 pumping appliances for the 2023/24 programme. It also includes two climate change vehicles and three command units. All are on target in 2023/24, except for extended lead time of the smaller climate change vehicle.
Other vehicles Budget £1.03m Forecast £1.03m	This budget allows for the replacement of various operational support vehicle. Delivery of all vehicles are expected in year.
Operational Equipment Budget £1.47m Forecast £1.22m Slippage £0.25m	This budget allows for equipment purchases including thermal imaging cameras and cutting and extrication equipment 2023/24. Slippage on Ballistic Vest and Helmet PPE will enable exploration and pilot of equipment.
Building Modifications Budget £1.6m Forecast £1.6m	This budget includes the continuation of Drill Tower replacements and an upgrade to the Wylfa prop facility. Completion of works is on target.

<p>IT systems Budget £1.7m Forecast £1.3m Slippage £0.3m</p>	<p>This budget includes for the upgrade Firewalls and digitisation of fire appliances. The new Firewall (£0.235m) is expected to be completed in quarter four, therefore the WIFI (£0.1m) will slip to quarter 1 of 2024/25. The Emergency Services Mobile Communication Programme (ESMCP) is a national project that has been paused to 2025 delaying slippage (£0.1m) from 2022/23 further.</p>
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Appendix 2 sets out the capital programme and the committed expenditure position against this, as reflected above. The committed costs to date will be met by revenue contributions and usage of capital reserves and capital receipts.

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:

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

APPENDIX 1

BUDGET MONITORING STATEMENT JULY 2023	Revised Annual Budget	Revised YTD Budget	Year to Date Total	Year to Date Variance	Year to Date Variance	Variance Pay	Variance Non- Pay
	£000		£000	£000	£000	£000	£000
Service Delivery							
Service Delivery	38,497	13,043	13,104	61	61	109	(48)
Prevention & Protection	3,122	1,119	1,095	(24)	(24)	(36)	12
Covid-19	0	0	0	0	0	0	0
Control	1,610	1,610	1,629	19	19	0	19
Youth Engagement (inc Princes Trust)	(61)	225	251	25	25	3	22
Special Projects (ISAR)	14	5	(26)	(31)	(31)	0	(31)
	0	0	0	0	0	0	0
Strategy & Planning	0	0	0	0	0	0	0
Service Development	1,874	626	593	(33)	(33)	(13)	(20)
Training & Operational Review	4,490	1,462	1,529	67	67	(104)	171
Fleet & Technical Services	3,204	1,344	1,411	67	67	15	52
Information Technology	3,270	1,671	1,662	(10)	(10)	2	(12)
Digital Transformation	557	186	201	15	15	8	7
	0	0	0	0	0	0	0
People & Development	0	0	0	0	0	0	0
Human Resources	958	317	293	(24)	(24)	(20)	(5)
Occupational Health Unit	295	95	78	(17)	(17)	(19)	2
Corporate Communications	350	108	127	18	18	19	(0)
Safety Health & Environment	263	78	97	19	19	16	3
	0	0	0	0	0	0	0
Corporate Services	0	0	0	0	0	0	0
Executive Board	1,078	396	451	55	55	63	(8)
Central Admin Office	843	280	207	(74)	(74)	(71)	(3)
Finance	194	65	68	3	3	3	1
Procurement	723	322	300	(22)	(22)	1	(23)
Property	4,261	1,516	1,533	17	17	(12)	29
External Funding	(7)	(16)	(10)	6	6	(0)	6
migration	0	0	0	0	0	0	0
Pay							
TOTAL DFM EXPENDITURE	65,535	24,451	24,592	141	141	(35)	176
Non DFM Expenditure							
Pensions Expenditure	1,399	466	463	(4)	(4)	0	(4)
Other Non-DFM Expenditure	1,558	(2,900)	(2,861)	39	39	21	18
NON-DFM EXPENDITURE	2,958	(2,433)	(2,398)	35	35	21	15
TOTAL BUDGET	68,493	22,017	22,194	176	176	(14)	190

APPENDIX 2

CAPITAL BUDGET 2023/24	Original Programme 23/24	Slippage 22/23 - Move to 2023/24	Revised Programme	Expenditure to Date	Year end Forecast	Remove slippage to future years
Vehicles						
Operational Vehicles	5.067	0.924	5.991	2.358	5.795	0.301
Support Vehicles	1.030	-	1.030	0.125	1.048	0.000
	6.097	0.924	7.021	2.482	6.843	0.301
Operational Equipment						
Operational Equipment	1.325	0.143	1.468	0.067	1.218	0.250
	1.325	0.143	1.468	0.067	1.218	0.250
Buildings Modifications						
STC	-	0.016	0.016	0.002	0.016	0.000
Enhanced station facilities	0.500	-	0.500	(0.003)	0.500	-
Preston Rebuild	-	-	-	-	-	-
SHQ Relocation	-	-	-	-	-	-
Drill tower replacements	0.600	0.111	0.711	(0.010)	0.711	-
Wylfa Prop	0.125	-	0.125	0.000	0.125	0.000
Estate Improvement Provision	0.250	-	0.250	0.000	0.250	0.000
	1.475	0.127	1.602	(0.011)	1.602	-
ICT						
IT Systems	1.219	0.434	1.653	0.012	1.318	0.335
	1.219	0.434	1.653	0.012	1.318	0.335
Total Capital Requirement	10.116	1.628	11.744	2.549	10.981	0.886
Funding						
Capital Grant	-	-	-	-	-	-
Revenue Contributions	4.000	-	4.000	1.419	4.000	-
Earmarked Reserves	0.364	-	0.364	-	0.364	-
Capital Reserves	4.069	1.628	5.697	-	4.811	0.886
Capital Receipts	1.683	-	1.683	-	1.683	-
Total Capital Funding	10.116	1.628	11.744	1.419	10.858	0.886