

# Lancashire Combined Fire Authority

## Resources Committee

Meeting to be held on 27 March 2024

### 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 revenue budget forecast outturn; and
- note the Capital Budget forecast outturn.

#### Revenue Budget

Lancashire Fire and Rescue Service's 2023/24 revenue budget has been set at £68.493m. The forecast outturn position is £68.878m, an overspend of £0.385m that is made up of an overspend of £0.488m on non-pay activities and an underspend of (£0.103m) on pay. The forecast position and variances are broadly similar to the previous forecast reported to the Committee in November 2023.

The forecast position within all departmental budgets is set out in Appendix 1, with major forecast variances of note shown separately in the table below:

Area	Forecast Overspend/ (Under spend)	Reason
Pay	(0.104)	<p>The overall forecast is broadly in line with budget:</p> <ul style="list-style-type: none"><li>• There is a forecast pressure of £0.200m as a result of the Service meeting its legal responsibilities in relation to the Bear Fulton legal case regarding holiday pay;</li><li>• Whilst the Emergency Cover Review (ECR) remains on target, there have been some initial timing delays compared to the budget that have resulted in an in-year pressure that are being partially offset through improvement in the management of overtime arrangements; and</li></ul>

Area	Forecast Overspend/ (Under spend)	Reason
		<ul style="list-style-type: none"> <li>Other savings include some vacancies particularly at the training centre of (£0.169m).</li> </ul>
Fleet and technical Services - Non-Pay	0.182	The forecast overspend is mainly due to inflationary pressures on the supply of parts and increase in repairs, however savings have been achieved in quarter 3. It is hoped that this pressure will reduce in future years as inflation falls and the older fleet stock is replaced.
Apprenticeship Levy Funding – Non-Pay	0.300	As previously reported the 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 pressure has been provided for in the 2024/25 budget agreed by the CFA in February 2024.
Training Centre Courses – Non-Pay	0.163	As previously reported, due to vacancies in the Training Centre, the department has had to appoint more associate trainers than budgeted to meet the training needs of the service; this includes driver training and specialist training such as swift water rescue as a result of the ECR. This pressure is offset by vacancies, note the service is putting in place arrangements to try to increase the number of internal trainers.
Service Delivery / Heads of Service Delivery – Non-Pay	0.108	As previously reported, there is a forecast overspend of £0.108m on protective equipment, due to the roll out of wildfire kit, Urban Search And Rescue (USAR) kit and kit for the new recruits.
Non – DFM – Bank Interest	(0.302)	There is a forecast saving on interest earned on cash balances invested.

## Capital Budget

The revised Capital Programme for 2023/24 is £7.6m as approved by the CFA and February 2024. Spend to date is £5.083m, which is predominantly on pumping appliances as set out in Appendix 2, and £7.6m is forecast.

Details of capital projects are outlined in the table below:

Area	Budgeted Items
Operational Vehicles Budget £4.001m Forecast £4.001m	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. In addition to the previously reported slippage of climate change vehicle (£0.15m), 2 water towers (£1.027m), 2 prime movers (£0.260m), the ALP chassis (0.251m) has also slipped to quarter 1 of 24/25.
Other vehicles Budget £0.925m Forecast £0.925m	This budget allows for the replacement of various operational support vehicle. The supply of 3 rescue team vans have been delayed to 2024/25.
Operational Equipment Budget £1.308m Forecast £1.308m	As reported in November, this budget allows for equipment purchases including thermal imaging cameras and cutting and extrication equipment 2023/24. Approved slippage on Ballistic Vest and Helmet PPE will enable exploration and pilot of equipment.
Building Modifications Budget £0.352 Forecast £0.352m	This budget includes the continuation of Drill Tower replacements and an upgrade to the Wylfa prop facility. Completion of works has now slipped into early 2024/25 as follows: <ul style="list-style-type: none"> <li>• Wylfa Prop (£0.125m) tender process is expected to complete in quarter 4, and work to commence in 2024/25.</li> <li>• W30 Blackpool Dormitory (£0.472m) design work is complete, and work will commence in 2024/25.</li> <li>• Drill tower replacement (£0.555m) has slipped as procurement are now seeking a new framework with experienced drill tower contractors.</li> <li>• Minor improvements (£0.099) to the estate have slipped to 2024/25.</li> </ul>
IT systems Budget £0.728m Forecast £0.728m	This budget includes for the upgrade Firewalls and digitisation of fire appliances. Note: <ul style="list-style-type: none"> <li>• The national Emergency Services Mobile Communication Programme (ESMCP) has paused to 2025 (£0.1m);</li> <li>• WIFI (£0.135m) will be completed after the Firewall scheduled in quarter 4 of 2023/24;</li> </ul>

Area	Budgeted Items
	<ul style="list-style-type: none"> <li>• Incident ground radios (£0.23m) has slipped in line with helmet communications and the breathing apparatus replacement program; and</li> <li>• RDS Alerters (£0.065m) has slipped due to period of soft market research.</li> </ul>

Appendix 2 sets out the capital programme and the forecast expenditure as reflected above.

## Reserves

Reserves are held for three main purposes:

- To cover unforeseen risks and expenditure that may be incurred outside of planned budgets – known as a general reserve.
- To set-aside funds for specific purposes, known or predicted pressures, or future liabilities – known as earmarked reserves.
- To hold capital receipts from sale of assets, the use of which is restricted under legislation to the purchase of new assets, or the repayment of debt.

The forecast level of reserves at the end of the year taking into account the forecast revenue position, capital outturn and recently agreed reserves strategy is set out below:

	Forecast £'m
General Reserve - min level £3.75m	4.8
Earmarked Reserves	25.4
<b>Total</b>	<b>30.2</b>

## 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 DECEMBER 2023	Revised Annual Budget	Outturn Forecast	Outturn Variance	Outturn Variance Pay	Outturn Variance Non-Pay
	£000	£000	£000	£000	£000
<b>Service Delivery</b>					
Service Delivery	38,462.34	38,892.63	430.29	380.91	49.38
Prevention & Protection	3,121.66	3,003.12	- 118.54	- 195.80	77.26
Covid-19	-	-	-	-	-
Control	1,610.40	1,637.63	27.23	-	27.23
Youth Engagement (inc Princes Trust)	- 61.47	- 68.16	- 6.69	- 54.89	48.20
Special Projects (ISAR)	14.40	8.81	- 5.59	-	- 5.59
<b>Strategy &amp; Planning</b>	-	-	-	-	-
Service Development	1,873.51	1,883.64	10.13	52.57	- 42.43
Training & Operational Review	4,490.37	4,571.29	80.93	- 382.18	463.11
Fleet & Technical Services	3,271.27	3,510.48	239.21	57.01	182.19
Information Technology	3,253.76	3,282.34	28.59	10.68	17.91
Digital Transformation	556.85	595.43	38.58	52.13	- 13.55
	-	-	-	-	-
<b>People &amp; Development</b>	-	-	-	-	-
Human Resources	958.05	1,013.60	55.56	- 6.17	61.73
Occupational Health Unit	295.25	307.24	11.99	12.32	- 0.33
Corporate Communications	350.09	400.89	50.80	52.22	- 1.42
Safety Health & Environment	262.77	305.63	42.86	58.61	- 15.75
<b>Corporate Services</b>	-	-	-	-	-
Executive Board	1,077.66	1,150.84	73.18	89.78	- 16.60
Central Admin Office	842.87	584.14	- 258.74	- 241.06	- 17.68
Finance	194.14	207.43	13.29	13.04	0.25
Procurement	723.38	834.62	111.24	109.01	2.23
Property	3,976.98	3,874.24	- 102.73	- 33.72	- 69.02
External Funding	- 7.17	- 16.70	- 9.53	- 0.25	- 9.28
<b>TOTAL DFM EXPENDITURE</b>	<b>65,267.09</b>	<b>65,979.15</b>	<b>712.05</b>	<b>- 25.77</b>	<b>737.83</b>
<b>Non DFM Expenditure</b>					
Pensions Expenditure	1,399.20	1,365.20	- 34.00	-	- 34.00
Other Non-DFM Expenditure	1,826.81	1,533.43	- 293.38	- 77.84	- 215.54
<b>NON-DFM EXPENDITURE</b>	<b>3,226.01</b>	<b>2,898.63</b>	<b>- 327.37</b>	<b>- 77.84</b>	<b>- 249.54</b>
<b>TOTAL BUDGET</b>	<b>68,493.10</b>	<b>68,877.78</b>	<b>384.68</b>	<b>- 103.61</b>	<b>488.29</b>

<b>CAPITAL BUDGET 2023/24</b>	<b>Revised Programme</b>	<b>Expenditure to Date</b>	<b>Forecast Year End Outturn</b>	<b>(Slippage) / accelerated Spend</b>	<b>Over/ (Under) Spend</b>
<b>Vehicles</b>					
Operational Vehicles	4.001	3.905	4.001	0.000	0.000
Support Vehicles	0.925	0.442	0.925	0.000	0.000
	5.210	4.347	5.210	0.000	0.000
<b>Operational Equipment</b>					
Operational Equipment	1.308	0.466	1.308	0.000	0.000
	1.308	0.466	1.308	0.000	0.000
<b>Buildings Modifications</b>					
STC	0.016	0.015	0.016	0.000	0.000
Enhanced station facilities	0.028	0.008	0.028	0.000	0.000
Drill tower replacements	0.156	0.006	0.156	0.000	0.000
Estate Improvement Provision	0.152	0.014	0.352	0.000	0.000
	0.352	0.043	0.352	0.000	
<b>ICT</b>					
IT Systems	0.728	0.227	0.728	0.000	0.000
	0.728	0.227	0.728	0.000	<b>0.000</b>
<b>Total Capital Requirement</b>	<b>7.598</b>	<b>5.083</b>	<b>7.598</b>	<b>0.000</b>	0.000
<b>Funding</b>					
Revenue Contributions	4.000		4.000		
Earmarked Reserves	0.369		0.369		
Capital Reserves	1.546		1.546		
Capital Receipts	1.683		1.683		
<b>Total Capital Funding</b>	<b>7.598</b>		<b>7.598</b>		